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# Bonn, Irked by U.S., Shifts on NATO Plan

By Robert J. McCartney

BONN --- West Germany, irrishort-range nuclear missiles with modern versions, according to West German officials and political sources.

States deploy new intermediaterange nuclear weapons based on submarines or ships off Europe's coast and improve the punch of uropean-based warplanes.

# U.S. Worried **Soviet Tanks**

· By Malcolm W. Browne

New York Times Service NEW YORK - Thanks to an said. The government has not made a final decision on the project, they said, but sentiment has shifted become virtually invulnerable to the anti-tank weapons coming the said. American infantry and aircraft, U.S. military officials report.

Challenging that conclusion, some critics say that the value of the invention, a kind of armor that explodes and deflects the blast of a shell, has been overstated. And a tey question remains: Why has the United States not adopted the ar-

mor for its own tanks? Several senior U.S. military offiters say the new armor protects many Soviet tanks against the huge, costly arsenals of anti-tank ssiles that NATO allies have relied on for two decades to blunt a

Soviet armored thrust. The explosive armor can be beaten, the officials say, but only with large guns capable of firing heavy projectiles that travel one mile (1.6 kilometers) per second. The latest U.S. and West European tanks car-

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than six to one in a surprise attack,

the officials say. can no longer count on effective infantry weapons to bridge the numerical gap, the odds against the West in a nonnuclear land war have

cials assert. Among those who regard the sit- ended three days of talks here Sunnation as serious is Major General day, saying they had a shared com-Robert J. Sunell, the director of a mitmeat to fight the apartheid sys-U.S. Army task force organized to tem but that they differed sharply study the situation.

an interview, "when the Syrians

See ARMOR, Page 6

### Kiosk French Assault Envoy, Iran Says

LONDON - Iran said Sunday that one of its diplomats, Mohsen Aminzadeh, had been beaten unconscious by French border police on Saturday in the French part of the Geneva airport and had to be hospital-

ized for severe head injuries. The Iranian news agency monitored in London, said Iran's Foreign Ministry had summoned the French charge d'affaires in Tehran for an explanation. In Paris, the French authorities had no immediate



John Hammond, a record producer who greatly influenced U.S. popular music, died at 76. He is pictured here in Page 5.

**GENERAL NEWS** 

■ Prime Minister Bob Hawke of Australia, after winning a third term, vowed to continue his economic program. Page 2.

BUSINESS/FINANCE Argentina plans a broad austerity program under a pro-posed \$1.4 billion agreement with the IMF.

Senior military planners of the North Atlantic Treaty Organization also contend that such weapsated by U.S. pressure for an arms one should be deployed in coming control agreement, is backing years to maintain NATO's defense away from supporting a NATO credibility if intermediate-range, plan to replace antiquated U.S. ground-based missiles are removed under the proposed U.S.-Soviet arms treaty.

Coun's shift on the Lance, and the calls for increased reliance on Instead of deploying updated models of the short-range Lance missile, senior West German officials suggested that the United gy to have resulted from the prospect that Washington and Moscow offshore and airborne weapons, are pect that Washington and Moscow will agree to remove from Europe all their short- and intermediate-

feeling that its interests were sacrificed in NATO's internal debate in the spring over the proposed nuclear arms accord. Also reflected is a broader feeling among NATO mili-tary planners and West Enropean By Armor on conservative politicians that the treaty could weaken NATO's ability to deter a Soviet attack.

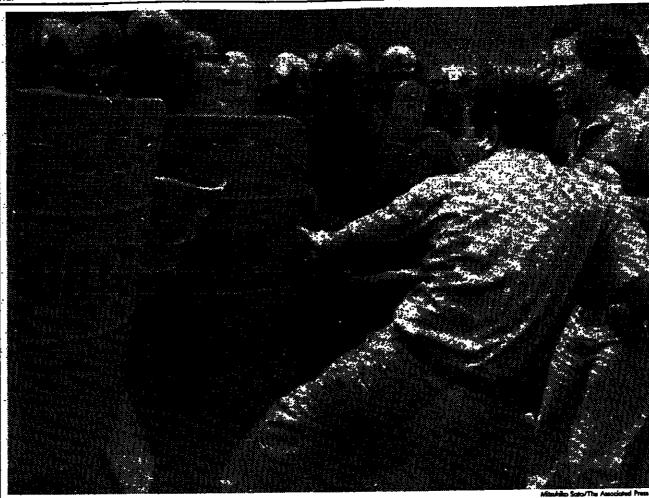
The Bonn government will resist deploying an updated version of the Lance; as agreed by NATO defense ministers in a 1983 meeting in Montebello, Canada, West Ger-man officials and political sources

the ministers at Montebello agreed replace NATO's 88 Lance missile launchers with an upgraded version. About two-thirds of the Lance missiles, which have a range of 70 miles (115 kilometers), are rest are in Belgium, Britain, Italy, and the Netherlands.

Bonn's new reservations are a result of the broadening of the planned U.S.-Soviet arms control agreement to include missiles with a range of 300 to 600 miles as well as missiles in the 600-to-3,500-mile range, the Bonn officials and politi-

West Germany resisted the

See LANCE, Page 6



PARIS, MONDAY, JULY 13, 1987

Riot police facing off Sunday against hundreds of demonstrators outside the Anglican Cathedral in Seoul. The crowd was protesting a violation of church sanctuary last week when police entered the grounds seeking protesters.

# As part of an overall plan to reduce and modernize battlefield-stange nuclear weapons in Europe, Cracks Appear in Seoul's Stony Wall of Police

By Fred Hiatt

SEOUL - For weeks, they have formed a wall of defense around South Korea's regime: row upon deployed in West Germany. The row of immovable riot police, faceless behind their black helmets, gas masks and shields.

> In recent days, however, cracks have appeared in the wall, revealion in the ranks of what may be the world's most formidable nonmilitary fighting force.

On July 6, a 22-year-old riot policeman who allegedly disobeyed an order was punched to death on a police bus by a senior officer, the anthorities reported. Human rights

first instance of riot police being killed or tormented into suicide by

At 3:30 A.M. Wednesday, a 23he had come to protest government policy. Officials said it was the first such desertion.

Wednesday night, 70 to 80 po-licemen stormed the office looking for the dissident officer, a church worker said. But the man, Yang Senng Kyun, had slipped away minutes before.

Before he fled, Mr. Yang said in

officials in Seoul said it was not the an interview that many of his fel-desert before the announcement low officers have little stomach for and carried out his plan because he fighting students who are their con- did not believe the authorities were mporaries.

"Soldiers are supposed to be year-old riot policeman who was drafted into the force two years ago deserted his post and went to a was drafted into the army and then church human rights office, saying transferred to the riot police. "Instead, we are the front lines of their

On June 29, after weeks of battles between riot police and demonstrators, the government stunned Koreans by agreeing to most opposition demands, including direct presidential elections and release of most political prisoners.

Mr. Yang said he had decided to

serious about democratization.

Mr. Yang's description of life in the combat police barracks, along with the sketchy tales of beatings and suicides, provides a rare inside glimpse of what outwardly seems a perfectly disciplined force.

Although demonstrations largely ceased when the government promised reform, riot police were called into action at Yonsei University in Seoul almost every day last week. Yonsei students have been protesting the death of a classmate who

See KOREA, Page 6

# Poindexter Note Says Reagan Was Told of Diversion

By Fred Farris

WASHINGTON - The chairman of the Senate committee investigating the Iran-contra affair said prove," Mr. Inouye said. He checks Sunday that investigators had "a vitally important document" in which Vice Admiral John M. Poindexter said "the president agrees" to divert profits from the secret sales of arms to Iran to pay for covert activities.

Admiral Poindexter had noted on a recommendation from Lieutenant Colonel Oliver L. North that "I approve your recommendation" on diverting the funds and "I have briefed the president and the president agrees

However, Mr. Inouye denied that the document, dated Sept. 15, 1986, proved that Mr. Reagan knew of the diversion of the arms sales profits to the Nicaraguan rebels more than two months before the diversion was made public on Nov. 25, 1986. It is not known if Admiral Poindexter actually briefed the president, Mr. inouye

The use of U.S. government funds for aiding the Nicaraguan rebels was barred by law at the

Admiral Poindexter, who rewhen the Iran-contra affair became public, is to begin testifying Tues-day at the hearing. Colonel North is to complete his public testimony before the committee on Monday.

"The question is: Did he brief the president?" Mr. Inouye said in a television interview. "He might either say 'Yes, I did,' or he might

say that 'I falsified.' The questions then, Mr. Inouye said, "will be 'Why?'

Mr. Inouye, Democrat of Havaii, also said that because Colonel North destroyed documents some elements of the truth may never be

There are documents that Mr.

Liman brought out, for example, that said I approve your recommendation — this is Poindexter adapprove' and underneath he says 'I

Europeans are impressed by Colonel North, but worried by the U.S. system. Page 6.

Senator Daniel K. Inouye said briefed the president, the president

Arthur L. Liman is the Senate counsel at the hearings, which are being heard by a joint House and Senate panel.

Mr. Inouye said he did not think the hearings "will end up with the impeachment of the president. I haven't seen anything as far as I'm concerned that would be sufficient grounds to impeach the president." Senator Warren B. Rudman, Republican of New Hampshire, who appeared with Mr. Incure on the

television interview program, said he believed that Admiral Poindexter's testimony would be "rivet-

See INOUYE, Page 6

### North Placed signed as President Ronald Reagan's national security adviser when the Iran-contra affair became White House

By Joe Pichirallo and David Hoffman

Washington Post Service WASHINGTON - Before Lieutenant Colonel Oliver L. North testified before the congressional hearings into the Iran-contra affair. White House aides were confident that President Ronald Reagan would not be drawn into it any deeper, believing that the marine's damaged credibility would be further undermined.

But by week's end, Reagan aides admitted that Colonel North had been an unexpectedly good witness who did exactly what they wanted to avoid: He renewed attention on the role of his superiors, particularly on whether Mr. Reagan knew of the diversion of profits from the

U.S.-Iran arms sales to aid the Nicaraguan rebeis. The heart of Mr. Reagan's defense is his repeated assertion that he was unaware of the diversion,

and Colonel North did not directly

However, the central theme of Colonel North's testimony all week was that everything he did was authorized by superiors.
His testimony significantly in-

creased the importance of the next witness, Rear Admiral John M. Poindexter, the former national security adviser, who was Colonel North's immediate superior in the White House and the person between Colonel North and the presi-

Congressional interrogators asked Colonel North about a series of meetings and conversations with Admiral Poindexter in which the two discussed the diversion. Colonel North also testified that he would not have gone ahead with the diversion as part of the Iranian arms sales without what he believed to be the specific approval of the president. Based on his conversations with

Admiral Poindexter, Colonel North testified, he felt that Mr. Reagan had approved the diversion. Those conversations, if confirmed by Admiral Poindexter, could lead to the president.

Colonel North, in what some committee members described as his most surprising revelation, testified that after Admiral Poindexter gave him the green light he wrote five memos between February and October 1986 seeking Mr. See REAGAN, Page 6

### Soviet tanks would probably ANC, Afrikaner Liberals Cite Accord, outnumber NATO tanks by more than six to one in a surprise attack, Because Western commanders et a longer count on effective But They Differ on the Use of Violence Compiled by Our Staff From Dispatches whites and 17 leaders of the Afri- included politicians, writers, aca-DAKAR, Senegal — Liberal largest of its kind.

of the African National Congress

### over the use of violence against the "The problem began," he said in South African government. The meeting, which brought to-gether more than 50 South African **Hanoi Wants**

**Adviser Role** In Cambodia

By Henry Kamm New York Times Service PHNOM PENH - A semior Communist diplomat in close touch with Vietnam's views has strongly suggested in an interview that Hanoi intends to keep firm military links with Cambodia even if it adheres to an announced intention to withdraw its troops in 1990.

"In some years, Vietnam hopes the Cambodians will need only advisers and teams of military experts but no troops," the diplomat said.

The diplomat said that Vietnam must draw lessons from its experience in Cambodia in the 1970s, when it created and aided a resistance army, the Khmer Rouge, that toppled a U.S.-backed government but then opened hostilities with

He said that close links will remain. "Vietnam cannot leave Cambodia alone," he said. "There will be lasting connections."

The envoy emphasized Vietnam's readiness to negotiate for an earlier withdrawal of its 140,000 troops but warned against the belief that the new Vietnamese leadership of Nguyen Van Linh, the Communist party chief, will be more accommodating.

The diplomat said there was only a limited parallel between Soviet readiness for negotiations to withdraw troops from Afghanistan and Vietnam's stance on Cambodia. The difference, he said, is that Moscow does not view Afghanistan as vital for the Soviet Union. Hanoi deems Cambodia essential to its

security, he said. "Vietnam's new orientation is to strengthen its performance at home," the envoy said. "But if others harbor illusions that they can bleed Vietnam in Cambodia, they are wrong. If they create new diffi-

See HANOL Page 6

The ANC, founded in 1912, has waged a low-level guerrilla war toria since the group was outlawed by South Africa in 1960.

The visit was criticized strongly by some far-right groups in South Africa and by the state-run radio, but the government in Pretoria made no official comment about the visit.

In a joint statement after the meeting, the two groups said: "The main area of concern arose over the ANC's resolve to maintain and intensify the armed struggle." The statement noted "a shared

commitment towards the removal of the apartheid system and the building of a united South Africa." Two unidentified white delegates declined to sign the statement, saying it came too close to endorsing

the rebel position. Frederik van Zyl Slabbert, a former leader of the liberal opposition Progressive Federal Party, said there had been "an extraordinary meeting of minds on a number of important issues." He was a principal organizer of the meeting, along with Danielle Mitterrand, whose husband is the president of France.

Thabo Mbeki, the information chief of the ANC and the leader of its delegation, said there was "consensus about important things," but debate about the movement's kina Faso and Ghana before they armed campaign against white rule. return to South Africa on July 20. The delegation of whites, which

charges by rightist whites in South ANC was an act of treason. The against white minority rule in Pre- whites who attended the meeting have been threatened by far-right

groups in South Africa. In the past, the South African government has confiscated the passports of people who have met with the ANC.

At the meeting, the two groups discussed what form a future blackmajority government in South Afri-"There was an acceptance on both sides that an economy of the

future would be a mixed economy," Christo Nell, a white delegate, said at a news conference. "There was an acceptance of the need to enable people to operate freely in the pursuit of economic growth." On the issue of whether "guarantees" would be made to whites if

spokesman said it was "ironic" that "the victims have to give guarantees before the system of oppression can be displaced." "The consequence of one man, one vote must be accepted," he

apartheid were ended, an ANC

Delegates at the meeting said the ANC made it clear that its campaign of sabotage and terrorism would continue until President Pieter W. Botha indicated a clear willingness to begin negotiations. The whites are to fly on to Bur-

(UPI, Reuters, AFP)

A TOURIST'S DELIGHT IN TURKEY - A tourist in Istanbul had the Galata bridge, normally a crowded spot, virtually to herself Sunday during a curfew imposed by the government in order to register Turks to vote. About 250,000 officials went door to door from 5 A.M. to 7 P.M., registering everyone 19 or older for a September referendum.

# New Mexico Shooting Echoes on West Bank

By Glenn Frankel

Washington Post Service DEIR DIBWAN, Israeli-Occupied West Bank - When an Arab jewelry dealer shot to death two other merchants outside the El Rancho Motel in Gallup, New Mexico, last year, the gunfire echoed all the way to this small Palestinian town.

Both the killer, Frank Zayad Abdelhadi, and his victims, two brothers named Said and Sami Nassar, came from Deir Dibwan, which over the years has dispatched hundreds of its native sons to Americal Mr. Abdelhadi said he shot out of self-de-

fense, and he was supported by witnesses. A New Mexico magistrate dismissed all charges, but back on the West Bank justice was neither so formal nor so forgiving.

The Nassar brothers came from Deir Dibwan's largest clan, while Frank Abdelhadi and his brother Suleiman, who was also involved in the fracas, come from another. The killings set

Mayor Yusuf Channam estimates that half of Deir Dibwan's population of 8,000 live in the dead brothers, who left two widows and United States at any one time. Some stay per-

off a vendetta that has resulted in a stabbing, an

ambush and a two-town riot that brought out

manently, but many more go for 5 to 10 years to standard of living.

The hills around town are dotted with two-

story villas on large, landscaped lots, monuments to the American dream transplanted to the Middle East. The children wear American T-shirts and meakers.

The shooting in Gallup in March 1986 shattered this tranquility. At that time the Nassar brothers, angered by

dispute over Indian jewelry, accosted the Abdelhadis, who were on their way to a funeral. Witnesses said the Nassars smashed a window of the Abdelhadis' car with clubs, at which point Suleiman Abdelhadi jumped out. When the Nassars began beating him, his brother Frank shot and killed them both with a pistol. After the decision dropping the charges, the brothers vanished, but the Awadah clan of the Nassars took its vengeance in Deir Dibwan.

The town's basic social unit is the hamouli, an Arabic term for clan. There are three main clans in Deir Dibwan.

For the Awadahs, clan justice on behalf of

"The Koran says that a murderer must be earn enough money to start a business upon their return, build a house and enjoy a better whole hamouli is disgraced," said Mr. Ghannam. "People felt they had to join hands to regain their honor."

Fearing revenge, the Saramahs sent out a call for mediation, and three days later, about 200 Arab dignitaries from across the West Bank journeyed to Deir Dibwan. Since the brothers had yet to be buried, no settlement was possible, but the Awadahs were asked for terms to

extend the armistice for three months. The terms were tough. The Awadahs de-manded that the Saramahs stick to their neighborhood and not move freely through town except for children going to school and elderly to the mosque. All Saramah merchants with stores in the Awadah part of town had to move out and the adult males of the immediate families of the Abdelhadi brothers, about 15 men in

all, were required to leave town for a week. The Awadahs also demanded \$30,000 to covthe expense of flying the two bodies and caskets from New Mexico along with three escorts, and another \$6,000 as a penalty.

These conditions were met, but they were not

### In the Ranks of the Rich, Nobody Tops the Japanese

The Associated Press NEW YORK - Japan has overtaken the United States by yet another measure of success: It has more billionaires than any other

country, and the world's richest person is Japanese. Sam Moore Walton, founder of Wal-Mart Stores Inc., may well be the richest American, but there are several Japanese who are richer than him, and his fortune pales compared to that of the richest

Japanese, Yoshiaki Tsutsumi, a real estate magnate. While Mr. Walton's net worth is estimated at \$4.5 billion, Mr. Tsutumi's is estimated at \$21 billion. Forbes magazine said in its issue

released Sunday. It said he is probably the world's richest person. Forbes published a list of 22 Japanese billionaires, saying there were probably many more. The United States, it said, had 21 billionaires, when families with more than one are counted as a single unit.

Mr. Tsutsumi, 53, oversees Seibu Railway Group, Japan's largest private landowner, whose assets include train lines, resorts, 24 golf courses, ski slopes, a professional baseball team and Prince Hotels. Fourteen of the 22 billionaires on Forbes's list owe the bulk of their fortunes to Japan's overheated real estate market. Among them are Taikichiro Mori, Tokyo's biggest private landlord, who has a net worth of \$16 billion, and Shigeru Kobayashi, head of Shuwa Co., which owns office buildings. His net worth is \$6 billion. Forbes said. Japan's land area is 3 percent of that of the United States, but its total land value, about \$8 trillion, is more than double the United States's.

See SHOOTING, Page 6

By Michael Richardson

MELBOURNE - The government will press ahead with restruc- na. turing the Australian economy, Prime Minister Bob Hawke said Sunday, the day after his Labor Party won an unprecedented third term and apparently increased its legislative majority.

The Labor government won the a divided opposition from the two main conservative parties, the Liberal and National parties.

John Howard, head of the Liberals, the largest opposition group, and Ian Sinclair, leader of the National Party, are expected to face challenges to their positions soon within their parties.

The official count in Canberra late Sunday, with five seats unde-cided, gave Labor 82 of the 148 seats in the House of Representa-tives, the lower chamber of Austra-lia's Federal Parliament. The Liberal and National parties had 61 scats. Labor had a majority of 16 in the old House.

Political analysts said fighting within the ranks of the opposition for much of this year contributed to

the Labor victory.
Officials said the results may not be known for at least a week because a large number of absentee and mailed votes had to be countthe Senate will probably take long-

union leader, also led the Labor party to victory in 1983 and 1984. He called this year's election nine months before the end of his term, at a time when many Australians are experiencing a sharp fall in living standards and the effects of government austerity.

He said in a television interview Sunday that he would soon announce changes in his cabinet, although he did not expect any of key economic portfolios to be involved.

In a speech July 6, Mr. Hawke said that if Labor were re-elected, it would restructure Australia's transportation system, increase manufactured exports, improve in-



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dustrial relations and develop clos- lar to float freely, had deregulated er economic ties with last-growing Asian neighbors, particularly Chi-

He said that unnecessary business regulations would be removed and no new taxes imposed. Since 1983, Mr. Hawke and oth-

government had moved Labor to the state of Queensland. the right in an effort to revive the Sir Joh demanded leadership from the conservative opposition. federal polls.

The Labor government, the analysts noted, had allowed the exchange rate for the Australian dol-

domestic interest rates, had opened the banking and financial sectors to foreign participation, and had bestate-owned corporations and as-

er pragmatists who dominate his the election, a longstanding coaliministry have largely abandoned tion between the Liberal and Na-The Labor government won the the domestic and foreign policy national elections at the expense of a divided opposition from the two left in the Labor Party.

the domestic and foreign policy tional parties at the federal level broke apart, largely because of pressure from Sir Joh Bjelke-Peter-Analysts said that Mr. Hawke's sen, the National Party premier of

Australian economy and capture and policy changes in both parties the middle range of the electorate and ran his own candidates in the



Melbourne on Sunday, where he spoke to the press after he won his third term

# U.S. Joined 1983 Plan to Lure Libya Into Air War

deter him from destabilizing his weaker neighbors.

CAIRO - Egypt was forced in 1983 by news disclosures in the United States to abort an attack on the Libyan Air Force after months of planning with Sudanese and U.S. intelligence services in a plan to trap Colonel Moammar Gadhafi, the Libyan leader, according to sources here and in Washington.

The joint operation, conceived and develed. The outcome of voting for the oped by Gaafar Nimeiri, the former Sudase president, and his security forces, was designed to lure Libya into invading Suda-Mr. Hawke, a former trade nese airspace so that Egypt, Sudan's north-

ern neighbor, could quickly counterattack. Sources familiar with the operation said senior officials in Washington, Cairo and Khartoum agreed to the plan, which they hoped would wipe out as much as a third of Colonel Gadhafi's air force and deter him

from destabilizing his weaker neighbors.

The plan called for Sudanese undercover agents, who had been acting as a pro-Libyan revolutionary movement in Khartoum, to seek Libyan military intervention to topple

the pro-Western government in Sudan.
Once Colonel Gadhafi sent his bombers into Sudanese airspace, Egypt's large air force, guided by U.S. AWACS surveillance planes and refueled, if necessary, by airborne U.S. tankers, was to launch a counterstrike against the Libyan force.

Although the operation was aborted after news disclosures about the movement to the Middle East of the Airborne Warning and Control System aircraft and the possible redeployment of an aircraft carrier task force, the covert deception and entrapment objectives of the 1983 episode have never before been revealed.

A White House spokesman, asked about the U.S. role in the operation, declined to comment. In Cairo, a spokesman for the refused to discuss the operation.

In 1985 and 1986, the United States sent envoys on secret missions to Cairo to discuss whether Egypt might be willing to mount a military attack on Libya, but sources in Cairo and Washington said that the Egyptian leadership, especially President Hosni Mubarak, had cooled to the idea.

Sources said the effort against Coloral intelliged by the Sudanese agents requested and necessary contains about to began an The Sudanese agents requested and necessary to source against the Khartoum government to ment.

According to sources familiar with the force a quick capitulation by Mr. Nimetric operation, the planned attack on Libyan In the countdown to the operation, U.S. forces followed a "very sophisticated" decreases and aircraft observed. Sources said the effort against Coloral initiation initiated by the Sudanese agents requested and necessary to sent the Sudanese agents requested and necessary to some state of the Sudanese agents requested and necessary to sent the Sudanese agents requested and n

Sources said the effort against Colonel Gadhafi was one example of a joint U.S.-Gadhafi was one example of a joint U.S.— As the operation developed, it was closely graphian military action that Mr. Mubarak monitored and eventually joined and sup-

nce service some months earlier.

Senior officials in Washington, Cairo and Khartoum agreed to the plan, which they hoped would wipe out as much as a third of Colonel Gadhafi's air force and

was willing to undertake, but only on condition that the U.S. role remain secret.

Unwilling to be seen attacking another Arab state, Mr. Mubarak could justify an Egyptian counterstrike by waiting for Colonel Gadhafi to violate Sudan's airspace and then invoking a mutual defense pact that Egypt signed with Sudan in 1976.

The U.S. policy objective in supporting the planned strike, according to these sources, was to demonstrate to the Libyan leader that his attempts to subvert and intimidate his weaker neighbors in Africa would be met by force.

At the time, U.S. and Egyptian officials were worried that Libya, working independently or in concert with the Marxist regime in Ethiopia, might topple Mr. Nimeiri, threatening Egypt's southern flank and detabilizing Control Africa.

The 1983 attack was aborted when it was Egyptian military command also would not comment. A spokesman for Mr. Nimeiri, who was deposed in 1985 and lives in Cairo, and after ABC News reported U.S. military. movements made in response to reported

ported by the CIA and Egyptian military ice, the sources said By the time it matured in early 1983, it was being directed by Egypt's defense minister, Field Marshal Abdel-Halim Abu Ghazala,

and had the approval of Mr. Mubarak. In Washington, the entrapment of Libya's leader and the attack on his forces if they moved against Sudan were approved by President Ronald Reagan on the weekend of Feb. 12 and 13 and were being directed from the White House by William P. Clark, then the national security adviser and his deputy,

Robert C. McFarlane. The deception, according to sources, be-included a meeting with Foreign Minister gan sometime in late 1982 when Sudan's Shimon Peres of Israel, the Egyptian presintelligence service set up its own pro-Libyan dent said Saturday that, "Our brothers in the revolutionary "cell" in Khartoum. This cell. PLO should define the method by means of all of whose members were agents of Sudan's secret service, contacted anti-government not imposing on them any particular forms dissidents and gradually opened a channel of la.

at the Kufra oasis in southeastern Libya, the U.S. officials offered to provide AWACS said. planes and as many KC-10 and KC-135 tanker aircraft as might be needed.

ments of the Labyan Air Force to a large base

The operation was in its final countdo during the week of Feb. 14 when ABC News ast a report that the United States had moved the aircraft carner Nimitz and three of its escorts from the coast of Lebanon to waters nearer Libya to discourage Colonel Gadhali from "starting a war."

Sources said that the report not only signaled U.S. and Egyptian intentions to Colo nel Gadhafi, but violated Mr. Mubarak's absolute condition that U.S. military support remain secret. The whole operation just kind of fell

apart." a source said.

which they can enter the conference. We are

The cell of double agents persuaded the PLO to meet a key U.S. demand and declare its acceptance of IN Section 1.1. lution 242 that implicitly recognizes Israel's

moving slowly, according to busi-

nessmen and Western diplomats.

Most of the ministers who were

### WORLD BRIEFS

### U.S. Blocks a Shipment to Pakistan

PHILADELPHIA (AF) — A mative of Politican was held without the after his series on charges that he illegally bried to send 50.000 periods (2) menic tous) of a special steel commonly used in making matter was selected by homeland, authorities send.

Archael Z. Pervez, who said he was purchasing the material for a selected product to brigadier general, was arrested Friday by U.S. Concern School agents, authorities said. Mr. Pervez, a Consedien citizes, second product the general wanted a shipment of 55,000 pounds of the stast, Managing 150 ments four members. 350, every four months.

Federal officials said the shapments were probably intended for in improtected facility in Pakistan, which is not part of the Nuclean Nonproliferation Treaty and is probabiled from receiving such to from the United States

### Iraqi-Syrian Reconciliation Hinted

JERUSALEM (Restors) — President Haller al-Assad of Spile a resident Suddam Hussem of Imagers expected to hold a proble recommission injecting this mouth in America, Jurdan Palestines accordent

Sunday:

Israell sources and they too, had received strong indications that is traci-Segion supprochament wat under way, aparred by the Soviet Units, a major arms implies to both countries.

The Palestinian sources said the electing was being arranged by King Hussein of Jordan in an attempt to track the francism was and pure he way for an Arab soumnit later this year. They said that Spris, one of the lew Arab states that backs Irin in the Gulf was, had been prisoned substantial and from Sandi Arabid. Knownt and other Gulf states it is cooperated in trying to and the was in termin. Spris would be explained recopen a pipeline through which Risg crash pump oil to Mediternable.

### " Police Seize 150 Hindus in Harvana.

NEW DELHI (AFP) — The politic frame investor units than III. Hindus in Haryana state after a window backlish to the sleying of Hindus by Sith separatists last week, officials and Stonley.

Meanwhile, the politic in neighboring Punjab state amented 13 Shindus Sunday, including seven suspecial of translating a Commission leads, and four members of his family Thomsday in Punjab, the Press Trust of history.

said.

These arrested in Haryana meladed Mamphool Singh, who is a bindle of Environment Minister Blagas Lat. Mr. Sanghrane and in Chesdigast. Be joint capital of Panjah and Haryana. They were accessed of secting Hindus to attack Side houser and those during widespread chating that followed the killing of T2 Hindustina assessings.

### EC Ministers to Take Up Syrian Taxs

foreign ministers are expected to counter an energy of EC relations.

Syria when they meet blooding it Copenhagen for foreign policy at

EC officials said Sunday.

EC officials said Sundist.

The EC banned begin love distinuation contacts as part of sanctions imposed on Syria in 1985 for til dileged role in an unsuccessful plot to blow up an Issuel antinuo in London. But several West European governments have juden the position that the ban is hindering Middle East peace efforts.

Mr. Mubarak urged the Palestine Liberation Organization on Saturday to work out a formula for its inclusion in an international conference on Middle East peace, United Press International reported from Cairo.

Press International reported from Cairo.

Resign That I Resign The Palestine Liberation of Organization on Saturday to work out a fit would not stand in the Say & other EC members waited to remaine contacts. In Bonn, Dig West reported Sanday that West Committee country resumed betting the palestine of the Carolina Cairo.

Press International reported from Cairo.

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Resign That I Resig

### TRAVEL UPDATE

### Door Opens on Romanian Airliner

STOCKHOLM (AP) A Romanian charter airliner with 171 passen

STOCKHULM (AFY—A Romanian charter airliner with 171 passengers about made an emergency landing at Stockholm's Arlands Airport after, a door broke open following takeoff from the surport Saunday, the Swedish national news agency reported.

Airport officials said the Sowet-built TU-154 beloaged to the state airline, Tarom, and was destined for Constants; Romania.

Passengers reported that same ingage had been lost when the door opened and that a Swedish travel guide and a Romanian stewards ages. forced to crawl away to escape the draft of escaping air.

China is to reintroduce flyning, which had been banned on the ground that it was demensing, as part of a drive to improve service to tomsis, the People's Daily said. Drivers, translators, guides and other members of the service staff will be allowed to receive bonnses and tips.

Israeli civil servante, communications employees, and hospital and railroad workers begin a 24-hour strike Sunday to protest the govern-

ment's refusal to re-evaluate salaries. International air traffic at Ben Gution amport in Tel Aviv was suspended for about eight house. [AFP]

Banks in Cyprus are to open Monday after a two-week strike, but afternoon tourist exchange services will remain closed because of a continuing ban on overtime, union officials said Sunday.

[Restern Twenty three persons were injured when the express train from Raconlons to Cadiz, carrying 560 passengers, was derailed Sunday near Jaco, in southern Spain, hospital sources said Sunday.

[Restern]

### This Week's Holidays

Banking hours and government services will be closed or curtailed in the following countries and dependencies this week because of national and religious holidays:

MONDAY: France, Monaco, New Caledonia, Thailand. TUESDAY: France, Iraq, Monaco, New Caledonia. WEDNESDAY: Brune

FRIDAY: Iraq Nicaragua, Paerto Rico, South Korea SATURDAY: Uruguay.

### Anti-Government Strike Paralyzes Bangladesh

the Tanzanian government that as- ing government ministers and asstance will dry up if the country members of the Parliament to sleep does not continue the direction Mr. overnight in the assembly to attend

More recently, Mr. Nyerere Banks, shops and businesses nounce qualified his remarks on the Mone across the commy were shut and strike.

were operating in the operational officials said allroad officials said:
Parliament resumed a budget of bate after government and and members of the smeath in the heavily guarded the

changes and a common market patterned on the Enropean Community has not materialized because of hament. Shament Thate Child

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13-7-87

### Nyerere's Long Shadow Hangs Over Tanzania Continuing Influence of Revered Former Leader Slows the Pace of Reforms

By Blaine Harden

Washington Post Service
DAR ES SALAAM, Tanzania world applauded him when Julius K. Nyerere, the George Washington of this vast East African country, voluntarily stepped down as

His retirement in November 1985 moved many of his country-men to tears. The peaceful end to the presidency of an honest man --reverently called Mwalimu, which is Swahili for teacher — stood in noble contrast to the coups, murders and midnight escapes that have ended the careers of other African tulers.

Now, nearly two years after Mr. Nyerere's graceful exit, many Tanzanians are again feeling strong emotions. The cause, this time, is again Mr. Nyerere — not that he is gone, but that he is not gone.

When he retired as president, Mr. Nyerere retained the chairmanship of Tanzania's ruling party. Since the Revolutionary Party of Tanzania is "the supreme organ of the state," Mr. Nyerere remained powerful. But he vowed to give up the chairmanship after two years and retire to his "nice little house" in the village of his birth near Lake Victoria.

Since February, however, Mr. Nyerere has delivered several impassioned speeches that have created widespread doubt about whether he will keep his word.

Africa's most articulate spokesman for socialism again has been deriding the International Mone-tary Fund and the "big capitalist powers" for trying to sabotage deelopment in poor countries.

What makes this noteworthy is that under the new president, Ali

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Julius K. Nyerere

Hassan Mwinyi, Tanzania's future has been linked to the free-market capitalism that Mr. Nyerere has

spent his life decrying.
In 24 years as leader of Tanzania, Mr. Nyerere, 65, was probably black Africa's best-known orator and statesman. With passion and persuasive power, he traveled the world to advocate a fairer distribution of wealth among nations. His army parged Uganda of Idi Amin. Out of Tanzania's 130 ethnic groups, Mr. Nyerere's idealistic leadership forged one of Africa's

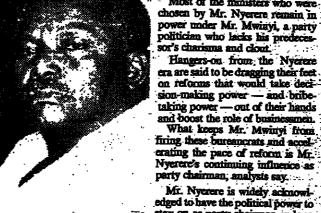
most united, most peaceful nations.

But he also presided over — and is widely considered responsible for — the beggary of his country. Mr. Nycrere's "African socialism" - collective farming, state ownership of business, abolition of pri-vate enterprise — turned a resource-rich land into a potholed

ruin. When Mr. Nyerere retired, he

al generous reschedulings of Tanzania's \$3.4 billion foreign debt. In

of talks in Singapore on Saturday,



Ali Hassan Mwinyi

acknowledged that he had carried may indeed stay on and that he is socialism too far, had nationalized not comfortable with capitalistic too many industries and had change in Tanzania. maimed the economy with centralzation. His departure and admis- attacked the International Monesion of error allowed his successor tary Fund, calling it "an instrument to turn Tanzania in a different di- of the capitalist powers" that was

Monetary Fund, whose free-market medicine always had struck Mr. Nyerere as "an instrument of de-stabilization in the Third World." That agreement has led to sever-

Paris last week, 21 donor countries and lending agencies again showed their support for reform in Tanzania by pledging \$1.9 billion over the next two years, half of it in

year, for the first time in a decade, But political observers say it re-today," said a trade of Tanzania's economy grew faster mains questionable whether Mr. Saifuddin Manik.

gram, while showing promise, is power.

ministers of the Association of concessions.

Hangers-on from the Nyerere era are said to be dragging their feet on reforms that would take decision-making power — and bribetaking power — out of their hands and boost the role of businessmen. What keeps Mr. Mwinyi from firing these bureaucrats and accelcrating the pace of reform is Mr. Nyerere's continuing influence as party chairman, analysis say. Mr. Nyerere is widely acknowledged to have the political power to stay on as party chairman as long

as he likes. In speeches this year, he has raised the possibility that he In late May, Mr. Nyerere again

ection. "bent on suppressing the weak de-Mr. Mwinyi quickly signed an veloping countries by taking advantage of their poverty. That speech raised many eyebrows among investors wary of a DHAKA—A general strike on state industries to private toward
testurn to socialism and among Sunday paralyzed Bangladesh for ship.

Western donors, who have warned the third time in two months, forcBut the protest tarned into a That speech raised many eye-brows among investors wary of a

Mwinyi has set.

tary Fund, saying they were not roads were empty of trucks and meant as a criticism of the government busis. Hundreds of government employees had to walk to their ofment's economic program.

Mr. Mwinyi has established a farm-price policy that gives incentives to farmers to work hard. Last the president and the party chair—pricket line anywhere in the country man should be the same person. and yet everything is at standard but political observers say it re-today," said a trade union leader.

han its population.

Nyerere, still a vigorous politician.

The 23-hour strike, from 6 A.M.:

But Mr. Mwinyi's reform pro- will voluntarily relinquish all his Sunday to 5 A.M. Monday, was

The members of ASEAN are Southeast Asian Nations have Lee Hsien Loong, Singapore's agreed to put aside ASEAN's 20year goal of becoming a common
market, the group has amounted.

The distribution of the group has amounted that the ministers had land.

market, the group has announced. ruled out the proposed common The ministers ended three days market. "We deliberately did not use recommending that the group's catchwords like the common mar-leaders introduce "significant mea- ket and a free trading area because sures" to boost regional coopera- we recognize that they are very difeconomic competition among luny, rejected their shapped tion when they meet in Mamila in ficult, clusive and even fractions member commisses.

ideas to get down," he said. The measures proposed include
placing more items under
ASEAN's existing preferential
possible for ASEAN to place a significant are not supplied had responded to this call and trade tanifs and promoting private, milicant amount of its intraregional, or needed in the region.

**ASEAN Abandons Common Market Goal** Renters joint industrial ventures by giving trade under preferential tariffs by:

SINGAPORE — Economic them increased preferential tax the end of the century.

ASEAN'S aim of free trade exrural administration
ranges and a common market put
Opposition members

Most of the 19,000 goods given Opposition leaders described

People do not like him infant he is there as the so called leader of the people," said Sheikh Hassia Wazed, an opposition insulated if Patriament from the Australia League at a rally agreed site of semily. What an impage The previous two said given ment strikes were to the previous two said given ment strikes were to the strikes.

desh Birman airlines Etterita and account of the property of the property of the property of the property of the state of the property of the state of the property of the state of the property of the proper

campaign to remove the president

hammed Ershad, from power after

major opposition parties as nounced their support for the

Lieutenant General His

That debate was on a bull that seeds to include army personnel

o Pakistan

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pe of a series of messages from leading companies of the world appearing during the IHT's anniversary year.



# oportunities.

For Daimler-Benz the 1986 financial statement is significantly more than merely the accounts for the year.

New opportunities are taking shape, and we have the ability to take advantage of them.

For the first time AEG, Dornier and MTU have been incorporated into the annual accounts. Consolidated group sales increased by 25% to DM 65.5 billion.

After the successful closing of the accounts for the anniversary year of the first century of the automobile, this provides an encouraging opening statement for the second - on a broader basis.

### Vehicle production in top gear.

In 1986 both domestic and foreign demand for Mercedes cars exceeded production capacity.

In the highly competitive commercial vehicle markets, we maintained our leading position due to our modern range of vehicles and a convincing after-sales service offer.

Our future competitiveness will depend even more on our ability to set progressive standards in both product development and manufacturing technology, to meet the highest demands.

		Chang
	1986	in
Sales (in millions of DM)	65,498	+ 25
Domestic	27.838	+ 48
Foreign	37.660	+ 11
Cars	31,300	+ 9
Commercial Vehicles	17,747	- 32
AEG	11,069	•
Dornier	2.112	•
MTU	2,766	•
Car Production (units)	594,080	+ 9
Commercial Vehicle		
Production (units)	226,344	+ 8
Number of Employees	319,965	+ 38
(at year end)	355 - 00	. 20
Domestic	257,538	
Foreign	62.427	
Personnel Expenses (in millions of DM)	19,358	+ 4
Fixed and Financial Assets	12,148	+ 19
Investments	5,580	+
Depreciation Expenses	3,361	+ :
Cash .	14,668	+ 2
Stockholder's Equity	12,294	+ 2
Basic Share Capital	2.118	+ 2
Taxes on Income and on		
Net Assets	4.034 1.767	<del>-</del> +

### Quality before quantity.

With our continuous growth and the broadening of our company's base through the acquisition of AEG, Dornier and MTU, we have gained a new dimension as an industrial concern with a wealth of opportunities for acquiring knowledge and for moving into new

We see this as a major step towards securing the long-term future success of our group. We have always given priority to growth in quality over growth in quantity.

### Continuing at the top.

To be a yardstick of progress, it is necessary to place the greatest emphasis on innovation and technology.

Our capital expenditure programme, which will amount to DM 24 billion in the next five years, and the enthusiasm and determination of our employees provide us with an excellent basis to both exercise a decisive influence on the "new age" of the motor vehicle and to be successful in the new areas of activity.

We have confidence in the future. The achievements of the past confirm our resolve.



## A New Topic for Talks

range nuclear missiles, the cry has been, from the Atlantic to the Urals. As entice-"We in Western Europe can't cut our nuclear strength - not when the Warsaw Pact is stronger in conventional forces." Yet leaders have been unwilling to foot the high bill for more men and weapons, and unable to

negotiate a new balance with Moscow. The unwillingness and the inability have not much changed, but NATO does have new negotiating opportunities. Perhaps the most promising is not a negotiation at all, but rather an invitation by Moscow for military experts to talk about aspects of each other's strategy that bother them most.

After almost 15 years, the Mutual and Balanced Force Reduction talks are winding down. The goal was to reduce troops in Central Europe, but the bargaining never even produced agreement on the number of Soviet troops. The negotiators struggled through endless complexity seeking ways around a powerful geographical fact: Soviet forces would be withdrawn only hundreds of miles to Soviet territory, but U.S. forces

would be carried back home over an ocean. By agreement, these desultory talks will close at year's end, to be replaced by a new forum under the aegis of the broadly based Conference on Security and Cooperation in Europe. This forum will involve all of NATO, including France. Instead of addressing only troops in Central Europe, the

Throughout the dispute over medium- new talks will look at conventional forces ment, the Russians have talked of "redressing" imbalances and "appropriate cutbacks" where advantages exist.

Still, the new talks will be far from easy. The West, while concerned about the changing situation in Europe, has reached no agreement on how to respond or what conventional force reductions to press for.

That is all the more reason to look at a third forum, one proposed several times by the Warsaw Pact and spurned, unreasonably, by NATO. The idea is to bring experts from the two sides together to discuss doctrine and strategy. What force components such as tanks most threaten the other side? What deployments make the launching of surprise attacks look likeliest?

The proposal responds to years of concern over what Western experts see as the Warsaw Pact's offensive posture. It could help both sides identify what they really want from conventional force cuts. The Western objection, that such talks would confer an equality that does not exist, is senseless.

The two sides share important incentives: to reduce both the level of confrontation and the cost of maintaining and modernizing conventional forces. Talks among experts could help make conventional arms reduction talks a little more fruitful.

### The Reason to Reflag

Almost everyone seems to agree that the Reagan administration has handled the reflagging issue badly. But that leaves the question of whether the reflagging of Ku-waiti tankers should proceed. We think it should, but there is a necessary condition. The administration should be made to demonstrate that it understands what it is doing, militarily and politically.

Politically, that means being able to con-

vey a clear purpose. The administration has cited free navigation — but ships pass steadily, despite the shooting in the Gulf for the last three years, and Washington countenances Iraq's continuing attacks on Iranian shipping. It has cited the free flow of oil - although oil already flows freely. It has cited the modest new Soviet naval presence in the Gulf - a consideration that set it up for the Kremlin's booby-trap proposal that all non-Gulf states remove their warships. That leaves, among serious considerations. the purpose of keeping Iran, which occupies Iraqi territory, refuses to negotiate a fair peace and threatens all moderate Arab regimes, from winning the war.

Reflagging is said to mark a tilt to Iraq. It happens to differ only in degree from steps already taken by the Soviets, the British and others to protect shipping of special interest to them. Free general navigation has not been "on" in the Gulf since Iran shut down Iraq's ports early in the war. Iraq responded

by attacks on Iranian shipping to seal off Iran from the sea in the same way. Iran counterattacked by hitting ships bound to and from Iraq's friends. This brought in non-Gulf protectors. Reflagging arises now as Washington seeks with Moscow to open negotiations at the United Nations to end the war. It can serve that diplomatic initiative, That is the essential rationale for reflaceing It awaits full American endorsement

There are military risks - risks at least on the order of those already being faced, without much fuss, by the British and the Russians. Given the special circumstances, the risks may be greater. But they might be reduced if the American government conveyed as convincingly as possible that it would take seriously an attack on ships flying the American flag. Presumably that was why the navy, detecting Iran's work on making its new Silkworm missiles operational, launched warning planes from a carrier; for whatever reason, work stopped.

American arms should threaten no one in the Gulf. They should be available only for defense, reasonably defined, but they should he available. Within a context of care and firmness, it seems to us, the United States could reflag Kuwaiti tankers and promote a negotiation to belo end a war that is only incidentally and in trivial measure a war at sea, but that is a terrible war.

- THE WASHINGTON POST.

### A Rogue Government

At one point, Lieutenant Colonel Oliver of the CIA. Some helped, some acquiesced. North held his left hand aloft as if to piedge

Other adventures that once seemed the 
"scour's honor." The gesture typified the obscure the content of the Iran-contra scandal. Viewers swamped the joint investigating committee with entreaties not to rough up this articulate scout-turned-marine.

News poll, he is no hero to three out of four miral John Poindexter, the former national Americans. But he has acquitted himself in the court of public opinion of the charge, leveled even by the president's men, that he was a rogue elephant making disastrous high policy without authorization. In effect, he has indicted the administration for rogue behavior.

For all his fervent loyalty to the president, the public seems to understand that he could not and would not have undertaken so vast an operation without higher authority. Only one in four Americans believes Mr. Reagan when he claims he did not know about the diversion of Iran arms profits to the contras. Only one in four thinks the colonel acted on his own,

And when it came to the president's men, the colonel was not so reticent in his testimony. The witness told of how Secretary of State George Shultz clapped an arm of praise around his shoulder, and the colonel dropped the names of midlevel officials who helped him and sought his help. Did Elliott Abrams, assistant secretary of state for inter-American affairs, question him about contra involvement? "He didn't have to ask me." Colonel North spoke of meeting with officials like Assistant Secretary of Defense Richard Armitage and Alan Fiers

performance. Indeed, for a time it seemed about them. On a mission to Tehran, Colonel North and private arms merchants may wild representations about American intentions to go to war with the Soviet Union, to eliminate Iraq's chief of state, to create a Marshall Plan for terrorist Iran. The colonel According to a New York Times-CBS cited authorization from his boss, Rear Adsecurity adviser, who may have more to say about this when he testifies this week,

The testimony emphasized a large fact that should have been obvious from the very scope of the Iran-contra operation: It could not have been conducted by a rogue officer, even one in the White House. It required the participation of a rogue government.

Having invented the web of rogue government for one purpose, the participants then moved to institutionalize it. The scariest proposal that emerges from Colonel North's testimony is an idea warmly embraced by the late CIA Director William Casey: for a permanent slush fund to pay for troubleshooting outside of CIA channels. None of that inconvenient congressional supervision to contend with Small wonder that Mr. Casey thought this notion was just as "neat" as the initial Iran-contra diversion.

Colonel North, good soldier, was so beguiling that it was easy to forget that a special prosecutor is drawing up charges. But he is not so good a soldier that he will take the rap alone. The week started as "Oliver's Story. It ended as "All the President's Men."

- THE NEW YORK TIMES.

### Other Comment

### And Still the Tourists Come

It seems curious that one branch of government should choose to announce we ha a national epidemic of drunken driving at the same moment another announces that more tinan 1,320,000 tourists came to Britain in April, 30 percent more than last year.

Tourists are nervous people, and just as we were beginning to recover from the threat of Libyan terrorists, government departments start shricking about new and imaginary dangers as they jockey for the taxpayer's

money. The police proudly boast that muggings and knilings are now out of control; the National Health announces 2 raging epidemic of AIDS; the Department of Transport chips in with this totally invented epidemic of drunken driving, and Environment assures us that our inner cities are about to explode in an orgy of looting, rape and arson.

I should have thought it obvious, in the post-industrial, post-manufacturing state of Britain, that a large part of future success must be built on tourism.

— Auberon Waugh in The Sunday Telegraph.

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### OPINION

# A Friend's Call to Charlie Glass's Kidnappers

LONDON—I decided to address you directly, since I have been a close friend of Charlie Glass from the time we first met in Beirut in 1972. Since you have forced him to make a videotape falsely accusing himself of being a spy, my duty as Charlie's friend is to inform you, and everyone else who reads this, about who Charlie Glass really is. If you read with an open mind. you may realize how foolish and how harmful to your own cause is your abuse of an innocent

man, which your Islan nic faith forbids. One of the English novelists whose books was obliged to read in high school said, "Friendships begin with liking or gratimde."
Mine for Charlie began with both, at the American University of Beirut (AUB). Most people like Charlie instantly. I was grateful to him, because in 1972, when he was still a student, his zest and enthusiasm for the edectic life of AUB, on and off campus, which through violence your people and others have done so much to destroy, inred me back into academic life - even though by then I was a full-time journalist, who had supposedly left the classroom behind.

Charlie loved the shady, garden campus of AUB. It reminded him of his hometown, Los Angeles. It recalled Loyola High School and the University of Southern California, where he had just obtained his B.A. in philosophy before

his first trip to Lebanon.

Charlie felt somehow at bome in Lebanon. Perhaps it was because of ancestral memories transmitted by one Lebanese grandmother. Anyhow, he and the people of Lebanon seemed to understand one another. Charlie began to work for The Christian Science Monitor and ABC Radio News. They began to broadcast and pubhish his sympathetic reports about the proble of the Lebanese, gradually expanding to include other people: Palestinians, Israelis, Egyptians, Syrians. What preoccupied him and most of us though, in the mid-1970s, was the Lebanese civil war, which had loomed slowly and then struck with the force of a hurricane in 1975-76.

Before it struck, Charlie had his Mideast baptism of fire in 1973, when Presidents Sadat of Egypt and Assad of Syria made a partly successful bid to recover their territory lost to Israel in 1967. drawing America fatefully into the Mideast peacemaking process. Charlie was there, working as a field producer for ABC television news. Contrary to what you made him say in the shameful videotape you forced him to make, By John K. Cooley

Charlie avoided U.S. government agencies, especially the CIA. Once he said, "I suppose it would be great to support U.S. policy in the Mideast, if there were one to support."

Sometimes his readers or viewers would accase him of bias. They were wrong. The only bias Charlie has is a pro-human bias.

During the terrible summer 1976 siege by the

Christian Phalangists of the Tal Zantar Palestinian refusee canno, which Charlie, myself and other colleagues covered together; Charlie in The Guardian of Aug. 13, 1976, after having described the horrors of the siege, rapped the PLO for abducting a young Palestinian girl to

Tell your superiors that they, and you, have made a terrible mistake.

prevent her from joining the American Embassy sea evacuation of Beirut

Charlie would never willingly suffer a fool or abet a lie. Together, he and a Jewish divinity student in Brooklyn showed up the holes in a notoriously ill-informed, pseudo-historical book published in America, whose author used doubtful historical and biblical data. He loved a good scrap. He zestfully wrote and answered etters to the editor when controversy empted between American author Gore Vidal and his detractors a year ago, and between American Jewish intellectual Noam Chomsky and a host of Mr. Chomsky's opponents.

Charlie worked on newspaper assignments and documentary films in many parts of the Mideast and Africa. In Eritres, in 1975, he tramped and rode camels across country, cluding the scouts and reconnaissance planes of the Ethiopian army, During much of 1977 and 1978, he watched decolonization happen in Rhodesia (now Zimbabwe) and Zambia; for the Chicago Tribune, the New Statesman, the Financial Times and The Observer.

After we all survived the Lebanese civil war.

The writer is a London based staff correspondence who had acquired his London family dent for ABC News who specializes in his books by now, worked for London Weekend Televiand reporting on the Middle East and North Africa.

sion. He proudly helped to produce a fine docu-mentary film on "Islam" in 1979. There fol-lowed a stint with Newsweek in Boston. He covered such hotheds of CIA intrigue as New England and Canada Your bosses in Tehran should have voluminous files on all that.

Charite came back to ABC News, based in London, then Beirut, then London sgain. We were able to work together once more. During the April 1986 U.S. air raids on Tripole, Charlie described a meeting with the family of a Lebanese girl student in London who had Bown home to see her parents in Tripoli -only to be

tilled by the American bombs that night.

Charlie's first love remained Lebanon Last summer he explained to me his idea for a kind of sepia-style travel book in the manner of the 19th century gentleman traveler, about Leba-non, Syria, Israel and parts of Turkey. This was the Levant which authors like Freya Stark, Richard Buzton and Arab and Persian writers had described. He felt it was time to set down on paper how the old places look today. He was well along with this project when your gang took him and his friend. Ali Osseiran, from Ali's car south of Beirut on June 17.

Far more than the events, it was the people of Lebanon — Moslem, Christian, Druze, whatever in their beautiful but fractured and melancholy mountains, valleys and seascapes, who counted most for Charlie Once, in the midst of Lebanon's turnful, he said to me; This is a human tragety past all imagining. Yet the sun comes up in the morning warm and good; the sea is bluer than anywhere else, and the bread is fresh and warm." Some spy! The statement you made him deliver gave itself, and you away. As Charle's hiend Edward Mostimer wrote in the Financial Times, even on the aband supposition that the CIA would have wanted to use Charlie, "he could never have been chosen for the mission to the up relations between the Israelis and Christian society."

Tell your superiors that they, and you, have made a terrible mistake. Remedy it, now, Show your respect for your religion and for the common ties between all human beings by sending Charlie home to his wate and five children in London, and by releasing all your other hostages, too.

### Who Knows' What to Do About Iran?

By Jim Hoagiand

PARIS - "Strange climate," a ing above Washington tells a fellower outboard passenger. The comment does not rater to the witing heat of July. The departing visitor speaks of a slowly vanishing president, of a national prooccupation with Chiver North, Favor Hall & Co., of a bemused Congress — at short of the disorder that the Iranian revolution and botched attempts to deal with it have spread through the American

System of Bovern What to do about Iran, about the cycloge of hatred and fanaticism that whire out from its borders, about the foreign hostages whose fase Telinan may control? Oliver North's testimony hast week was not the only event to

has week was not the only event to show that Western democracies as a whole have failed miserably in either conforming or co-oping hun.

France and Iran are engaged in a tense standoff over French demand to question a suspected framan terror ist hiding in the framan Embassy in Paris. Insulan police carrounded the French Embassy in Tehena Point Embassy in Tehena Point Prime Minister Jacques Chine, who until recently scopes to negotiate a "normalization" of relations with Iran and malization of relations with Iran and the release of Prench hostages, threatens now in ensperation to break off relations altogether and has saked publicly when him would begin to

respect international law.

Britain has completed the withdrawed of all but one of its diplomate
from Iran, in a dispute that also had raised file specter of new diplomatic

hostage-taking in Telman.
Yet, back in Washington, Colonel
North was walking through another
version of why he eagenly shapped
Hawk and TOW missiles to the same ayatolishs in Tehran who had blessed the taking of the U.S. Embassy in 1979. His patriotism, the risks he took and his concern for the hostages justified everything, he seemed to argue.

That was the important difference

in what was happening in the three capitals. Both the French and the Britis. ish appear chastened by the lack of realism they showed in trying to work out separate accommodations with fran's unrepentant revolutionaries French officials have concluded

that it was pointless, and counterproductive, to try to negotiate with Iran's "moderates" The Iranians, a senior official said, have a superiority conplest and want to see the Americans. the Russians and the rest of us on our . kneer before their revolution." But in Washington, Colonel

North's bravide on Capitol Hill and President Reagan's deliberate eva-sion of the chilling implications of the colone's testimony suggest that the men who mounted and tolerated this scandal have not learned that lesson. or much else, from the shame and saster visited on the White House. Colonel North sought to concentrate attention on the "neat idea" of fighting the Sandinists with Iranian covert actions, rather than focusing on his extraordinarily stopid, dangerous and self-defeating wheeling and deal-ing with Iranians who rejoiced in ha-

miliating not just him but America itself, when they finished using him. "I'd have offered the Iranians a free trip to Disneyland if we could have a gotten Americans home for it," Colo nel North told the congressional committees. That is what he did: He took the Iranians to his own Disneyland of policy making, where the hostages would be freed, the course of history in the Gulf would be changed and he would actually be the national hero he still imagines himself to be.

Ultimately, Mr. Reagan pays the price for this fantasy and for doing the one thing even he could not get away with. In mounting a covert operation to send arms to Iran, he lied to his own constituency. He used se-crecy to fool the people who had voted for him to do just about any thing but arm the avatolishs.

One way Mr. Resign pays for this is in the confusion and controversy that surround the unexceptional White House plan to refing 11 Knwaiti of tankers with the Stars and Stripes. It is need to adapt to the future. This frightens some of the old guard, but not most of the young people.

A return to Stalinst-type KGB ter.

A return to Stalinst-type KGB ter.

A modest proposal that in itself should row is hardly conceivable, for the KGB not cause the handwringing now being the military and the party observed on Capitol Hill. as well as the military and the party apparatus have learned that; as under

But there is legitimate suspicion that the White House is advancing the reflagging operation as yet another Thus, no matter what radical or hybrid reforms finally emerge, the changes that Mr. Gorbachev has set in madequate answer to that much broader question of what to do about Iran. As the Iranian attack Thursday on a tanker heading for Kurwaii was, imdoubtedly intended to emphasize, it is a plan that leaves from with the initiative. But in Waghington's strange chimate, "Congress can do no more that watch, like a bind transferred. by a snake, as the administration an-bles further into harm's way. The Washington Post.

### IN OUR PAGES, 75 AND 50 YEARS AGO

ment to The New York Times

not much evidence that the secret society that has been mearthed has any wide ramifications. Beyond a few youthful students, it does not include any person of importance. The plot was discovered owing to one of these the "enemies" of Egypt. The police Chinese troops do not cease mane

to assassinate the three most enamed personages in Egypt — the Khedive, ness and Japanese near Wangping. Lord Kitchener and Mohamed Said seven miles west of Peiping with Pasha, the Prime Minister—has give about 4,000 troops engaged altogether. There is a much comment. There is a like a month of the comment of the commen ping, where the population remained indoors most of the day. Tokso dispatches report that the Japanese government continues to regard the situ ation as "very grave," due to repeated demonstrations of bad men being overheard to say, in a cafe. faith by the Chinese troops." Tokio that he had established a secret soci- has sent Nanking a final warning chy with the object of getting rid of that if the acts of provocation below. was informed and watch was kept ately, the Japanese Army will take over the conspirators movements. "all necessary measures." Nanking's the flow of information from the For some time Lord any state of the few days furnish strong evidence that between the Soviet and world econoby Ahmed Taher et Arabi one of the the Inpanese government is looking unisoners. This same El Arabi had for a pretent to make a second Man-

# Maybe a Pardon for North, but He Forgot His Duty By James Reston The notion that private citizens without four security citizens with our security citizens with our security citizens with our security citizens with our security citizens with the rest security citizens with our securit

WASHINGTON — You have to give Colonel Oliver North credit - millions of it. He not only can shred the Constitution, but also stand to gain by what is left of it. For even if the law catches up with him, he can always count on a presidential pardon.

Article II, Section 2 of the Constitution is quite specific. It says that the president "shall have the power to grant reprieves and pardons for offenses against the United States, except in cases of impeachment." Colonel North seems to be worried

about the special prosecutor's "hundred lawyers down the hall" gathering evidence for his prosecution. But even if they find President Reagan's signature on a dozen documents au-

tras, the president's signature on a pardon would be decisive. He would not even have to wait until the special prosecutor managed to indict or convict Colonel North.

Nixon before he could be brought to trial. Mr. Reagan could do the same. The hearings have not found a "smoking gum," although the hall was full of smoke. Sooner or later, television dominates everything in Washington, and Ollie is the snappiest act since Mickey Rooney. It is hard to imagine any prosecutor putting to-

### The Quarreling of a Divided Government

T HESE hearings are not like the Watergate hearings. The offense which triggered the Iran-contra investigation was not an illegal act like a break-in. It was a leak in a Middle Eastern newspaper concerning a secret U.S. effort to he was surprised to hear that the warfare in other parts of the world, open a channel of communications with Iran. The question of executive branch secrecy has thus been central from the start. Some members of Congress are speaking and acting as if they believe Ronald Reagan and his administration are the enemy against which the United States is to be protected. Maybe we ought to have some congressional hearings on the problems of divided government. - Jeane Kirkpatrick, in a syndicated column.

### And So You Need a Strong President

P EOPLE live by their myths. Television's immense power allows Oliver. North to fill these needs. For some Americans, he is a real-live Steve Canyon, the comic page air force colonel who foils Commies at every turn. Ollie-Steve is ready to meet the bad guys "on equal terms anywhere in the world" — only stay away from my gal and my kids.

But our judgment should not be too harsh. I recall Robert Kennedy once other elected official knew a single telling me that military men ought to hate the enemy the way thoroughbreds love to run. "Occasionally," he said, "you'll get a guy like Matt Taylor" — the army general after whom Mr. Kennedy named a son — "who understands geopolitics. Most of them don't. That's why you need a strong president." - Syndicated columnist Andrew J. Glass.

Reagan permitting it if any jury tried. But while Colonel North is not on. trial and may never be, the Constitution of the United States and the relationship between the executive and legislative branches of the gov-President Ford pardoned ex-President

ernment are very much on trial. The Constitution not only gives the president the power of pardon, it in-structs him to "take care that the laws be faithfully executed." His failure to do so in the Iran-contra case is precisely the cause of this whole hullabaloo. The hearings have paid so much attention to what the president knew or didn't know about the diversion of .

funds that they have almost ignored

his failure to see that the law forbidsigned, was faithfully executed. dent had said he did not know his National Security Council was engaged in these covert military operations. Mr. Reagan's faiking to know what the NSC was doing is in many ways worse than if he did know —

but it is not good television. Colonel North's view of the roles of the executive and Congress in the conduct of covert operations was stated with the utmost candor. He regards Congress as an impediment if not a misance in the world of dirty tricks. It did not bother him a bit that not

single member of Congress or any thing for months about his antics, or that the president approved selling military arms to Iran and trading them for hostages after proclaiming publicly that he would do neither.

of the president of trac and fighting the Russians if they gryaded kno scened to the colonel mere incidents in a necessary negotiating process.

He insisted that everything he did.
was authorized by his superiors at the
NSC, Rear Admiral John Poinderter.

and Robert McFariane, and you had to believe him. For, oddiy, even when -Colonel North boasted that he lied whenever it suited his clandestine purposes, he seemed to be telling the truth to the committee - selectively, of course, but persuasively.

He may even have told more that he intended. For he talked expansively about, the late William Casey's involvement in the Iran-contra scandals. ding aid to the contras, which he and indicated that Mr. Casey was planning a sort of super-secret net-Even Colonel North testified that work that would carry out subversive without the authority of anybody. For this lieutenant colonel, or "this kid," as he sometimes called himself,

the ends justified the means, just as

long as he had authorization from his boss, whom he "assumed" had the approval of the commander in chief. Nobody could doubt his sincerity when he talked of "this wicked world" in which the enemy was establishing beachheads in the Western Hemisphere and seizing and tortiring U.S. citizens in the Middle East and elsewhere. He is America's latest antihero, bent on expanding democracy abroad even if he violates it at home.

On television he broke the Nielser records, but on the Constitution he forgot the lessons he was taught at the Naval Academy. The New York Times.

chev, who is aware of this, is trying to reconcile party dominance with the

Stalin, they would most likely be the

first victims of a new terror.

motion are inteversible — whether he survives as leader or not

The writer, now an American citizen,

was a Soviet diplomat and an undersecre-tary general of the United Nations before

he sought political asylum in the United States in 1978. He contributed this com-

# With or Without Gorbachev, Reforms Are Coming

W ASHINGTON — Predictions that "experts" offer about Sovi-Gorbachev cult of personality has An urgent need to keep the regime sprung up in the West, clouding the viable dictated national renovation. ability to see the forest for the trees.

Clearly, Mr. Gorbachev's personal imprint and influence on perestroika was as inevitable as Nikita Khru-(restructuring) is highly visible and shchev's de-Stalinization program.

Should not be underestimated. But From the Soviet viewpoint, rerecognition of the need for serious structuring could mean many things

people in the party and government elite — including some in the KGB and the military — were distressed by mounting social and economic troubles. Their instinct for survival told them that the efforts of Leonid Brezhnev's clique to glamorize a steady decline—except for the spectacular mil-itary buildup—could lead to disaster. these examples will be used as a elite became concerned that social and economic stagnation, complemented

Thus, the selection of someone more or less like Mr. Gorbachev as leader

change is not his invention. — provided the essence of the system. In the early 1970s, when I was an is preserved. Under party control, Soadviser to then Foreign Minister An-viet-style socialism may well take drei Gromyko, a number of farsighted contradictory forms: less freedom or more; stronger, more orthodox indoctrination or increased flexibility in cultural and political life and in ways of running the economy.

The task of substantially modifyby the population's mertia, apathy and cynicism, would undernine the foun-ing an economic order firmly en-dation of the Soviet system — indeed, trenched over half a century will inbacks, temporary or not, can, in the end, stop the cartish of computeriza-

TN THE Russian emigré press the catchwords of the Gorbachev era sre put I contemptuously in inverted commas or accompanied by such epithets as "notocious" and "so-called." There is something strange in this wholly negative attitude. The motivating force behind the emigration movement of the 1970s was deep dissatisfaction with the previous, post-Stalin thaw, with the fact that reforms had been abruptly broken off under Leonid Brezhnev, and society had been ordered to go full-speed into reverse. Why is it that so many of that generation, who have now lived a long time in the West, are unable to recognize that it is their ideas which, albeit partially and with

Perhaps Ours Was Not the Best Choice

difficulty, are now paving a way forward in the Soviet Union? If the things that were lacking then and for the sake of which we found it necessary to emigrate are now being established; if you can now say and print over there all that we wanted to say and print, or even part of it, then perhaps after all ours was not the best choice, or not the only one.

- Natalya Rubinshtein, an emigre, in The Times (London).

By Arkady N. Shevchenko

et affairs are often misleading. One main reason is the obsession with individual personalities. A kind of Mikhail positions and privileges. that the future of that system would be volve Sisyphean labor. There can be at stake and, along with it, their own no doubt that there will be backward positions and privileges.

The paths chosen by China, Hun-gary, Yugoslavia and other Communist countries exemplify the possibili-Later on even more members of the guide, but the program of reforms variation

seems to point toward Yugoslav-style

and forward movement over a longer period of time than Mr. Gorbachev would like to anticipate. There may be dangerous, perhaps unexpected resistance: Will be be given time in which to bring even a small part of his program to fruition? I do not think Mr. Gorbachev is yet the embattled leader that some recent reports might suggest, nor that he is doomed to fail because of strong op-

position intrinsic to the system. At best, however, his chances for quick, significant success are no more than 50-50. He understands this, and that is why he is a man in a hurry. He knows he may not survive politically if, in two or three years, there is no real improvement in national economic performance or in the well-being of the people, as he has repeatedly promised. One thing works in his favor that many Western naysayers do not seem to have taken into consideration: It is simply not credible that any future Kremlin leaders would be willing to preside over the Soviet Union's decline into a third-class power. No set-

tion. Trying to block the introduction of new technologies would be as furile as counting the stars. This situation has already created an enormous dilemma, because such developments force less secrecy and more openness in releasing statistical and other important data

tion and other forms of moderniza-

Introduction of videotape systems, along with the telecommunications ution, will inevitably increase mics will pash the country irresistibly prisoners. This same El Arabi had toward more reforms. Mr. Gorba-been shadowing the Premer.

1912: Plotters in Cairo 1937: A Battle in China CAIRO - The discovery of the plot SHANGHAI - Heavy fighting broke to assassinate the three most enalted out again [on July 12] between Chi-

chekue in Northern Chine."



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### Opposition In Panama Vows to Step Up Protests

By Stephen Kinzer New York Times Service
PANAMA CITY — Opposition leaders vowed over the weekend to continue increasing their protests

against Panama's military leader, General Manuel Antonio Noriega, whose police have resorted to tear gas and buckshot to reassert his Using highly unusual tactics for

Panama, riot policemen arrested more than 100 demonstrators and scattered thousands of others who tried to hold a rally on Friday in defiance of a government ban.

Protest leaders already have be-

gun to discuss alternatives for a post-Noriega regime, amid signs that the government's political coalition was weakening.

Some U.S. officials reportedly

are worried that a period of danger-ous instability could follow the general's departure if he is forced from office.

General Noriega minimized the

importance of the protest Friday, asserting that it involved no more than 5,000 of the country's 2.2 million people. The minister of government and justice, Rodolfo Chiari de León, said political demonstrations would be prohibited for as long as current circumstances exist."

The rally Friday was to have been held at a church that faces one of the capital's main avenues. But policemen carrying plastic shields and wearing gas masks sealed off streets leading to the church. As demonstrators approached, waving white flags, shouting insults and at times throwing rocks, lines of policemen repeatedly charged at

. A senior opposition leader, Ar-nulfo Arias Madrid, who many contend was the true winner of the 1984 presidential election, accused the military of unleashing "brutal repression" against citizens "armed only with their consciences and their convictions.

The general and his backers have portrayed the protests as fomented by the United States and by wealthy pro-U.S. Panamanians who are seeking to return to positions of power they lost when the military seized control 19 years

The ruling coalition was shaken this week by an unexpectedly strong public declaration by ine civilian vice president, Roderick Esquivel, who heads the Liberal Party. He condemned his own rovernment for closing news outlets and sending "paramilitary groups made up of extreme leftists" to at-

tack people and property. In the United States, the State Department and Congress have criticized General Notiega's rule recently, but there appears to be concern in the Pentagon about the direction Panama could take if General Noriega is forced to leave power. There are nearly 10,000 U.S. troops based in Panama, and many sensitive intelligence operations are directed from U.S. bases along the Panama Canal.

"The American military people say that the most organized group in Panama is the defense forces," said a businessman who is in regular contact with senior U.S. officers. "Their position is that Noriega is all they've got. The, don't want to go through a period of change that could be painful, embarrassing and threatening."

### Demjanjuk Lawyer To Get a Hearing

JERUSALEM -A hearing has been scheduled for Wednesday to determine whether John Demjanjuk, an accused Nazi war criminal, was aware of his actions when he dismissed his chief counsel, Mark O'Connor, the attorney said Sun-

Mr. O'Connor said he found Mr. Demjanjuk, a retired anto worker from Cleveland, "crestfallen" and 'confused" at their last meeting The attorney, who has represented Mr. Demjanjuk for five years, said he would not withdraw from the case unless there was a court order. A court spokesman said the hearing was only "to formalize" Mr. O'Connos's dismissal, which

Commission Averts **Monumental Errors** 

Since the federal Commission of Fine Arts was set up in 1910, it has been judging the aesthetic values of proposals for monu-ments, memorials and statues in Washington.
Most recently, the commission

succeeded in getting the Holo-caust Memorial Museum, now under construction near the mali that extends from the front of the Capitol, reduced in size and presence. It is a reflection of the powor and authority of the commission, says The New York Times, that its views on even so emotionally charged an issue as this were quickly and calmly accepted. Arthur Rosenblatt, director of

the museum, said, "We reviewed their comments and the conclusion was that there was some merit in them."

Similarly, the commission vetoed President Richard M. Nixon's notion of constructing an amusement park on the mall modeled after the Tivoli Gardens

Charles H. Atherton, the commission's executive secretary, said it was unlikely that some-thing like the futuristic Pompidou Center in Paris would be ap-

proved. "We tend to discourage spectacular aberrations," he said.

The commission has shown that it can compromise. When critics objected to the starkness of the Vietnam Veterans Memorial, two large walls bearing the names of the dead, the commission per-mitted the addition of a realistic sculpture of three American fighting men.

### Short Takes

Convertible automobiles, after nearly fading away in the 1970s, aren't just making a comeback; they're back, with 130,000 sold last year, or about 1.3 percent of the market outpacing predic-tions that 100,000 would be sold. In 1981, not a single U.S. manufacturer was making convertibles. Now just about all of them, domestic and foreign, are doing so.

Harvard University has invited all presidential contenders, Democrats and Republicans, to appear on public television, one by one, an hour each, on Sunday afternoons starting in October and ending just before the Iowa caucuses in February. Marvin

### **AMERICAN TOPICS**



SHARING VIEWS WITH SOVIETS — Gerald R. Ford, second from left, meeting with a Soviet delegation at his home in Beaver Falls, Colorado, to talk about drug and alcohol abuse. The Soviets, ending a three-week tour of the United States, were, left to right, Katherine Menshikova, Konstantin Voronin and Alexei Kampov-Poleroy.

Kalb, a former diplomatic report-er for NBC News who is now with Harvard's Kennedy School of Government, will interview each candidate for half an hour and then the candidate will field onestions from the campus audience. The objective, reports The New York Times, is a setting that will be forgiving of gaffes but hostile to sloganeering. "But if some-body wants to engage in long-windedness," said Paul Bograd, an organizer, "that's a judgment that's his to make."

are offering salaries of up to \$100,000 to people winning master's degrees in business adminis-tration at the leading U.S. gradu-ate business schools. But industry is showing less interest in MBAs, according to U.S. News & World Report. The trend reflects current criticism of U.S. business as concentrating too much on paper trades and not enough on manufacturing. The schools have taken notice. The Massachusetts Institute of Tochnology's new engineering-and-management pro-gram is one example. Harvard is de-emphasizing investment

banking in favor of technology | years in the House of Representa and production.

Senator Albert Gore Jr. has run

Notes About People

on his own in his campaigns for Congress since 1976 with no help from his father, who served 32



Albert Gore Jr.

tives and the Senate before being defeated in 1970. "He wanted to be his own candidate, his own man," said the elder Mr. Gore, 79. But now that the younger Mr. Gore, 39, is running for president, his father is accompanying him on campaign trips. "Running for president is a little different."

Eleanor Smeal says she is stepping down as president of the National Organization for Women when her term ends this month, because she wants to devote more time to getting women into politics and politicians more aware of women's issues.

Mr. Gore Sr. explained.

After Kris Kristofferson, 51, gave a benefit concert for Vietnam veterans in Albany, New York, he was presented with a plaque. The plaque was found by a cleaning worker the next day in a pile of trash in Mr. Kristofferson's vacated dressing room. A Kristofferson spokesman said the plaque "ended up in the garbage by mistake."

-ARTHUR HIGBEE

### After Haiti Unrest, a Stalemate

### Fate of Presidential Vote, Set for November, Is in Doubt

By Joseph B. Treaster New York Times Service

PORT-AU-PRINCE, Haiti -After more than three weeks of turmoil, a political stalemate has developed in Haiti with the country's march toward democracy stalled and the fate of its presidential election in question.

For the moment, no one is saying that elections will not be held in November, as scheduled. But, neither does anyone know how the elections will be conducted and whether participation will be extensive enough to validate them. In the 18 months since the col-

lapse of the Duvalier dictatorship, Haiti has stumbled from one crisis to another. But never before have so many different segments of society lined up in opposition to the military leaders.

The United States backs the military government led by Lieutenant General Henri Namphy, and that has fueled a new outbreak of anti-

A handful of young men burned an American flag Saturday in front of the U.S. Embassy in Port-au-Prince, and protesters marching in one of the biggest demonstrations in months chanted, "Down with America! Long live communism!" Many of the marchers said that they were anti-communist, but that

they believed a show of support for cisions within a week, but the ini- als continue to do so.

regime was turning friends into en- ground that they could not be trust-"If they're going to support the

### **NEWS ANALYSIS**

trymen. But they utterly dumb- promises to usher in democracy. founded Haitians and foreigners as trol of the election process on June 22 and dissolving a labor federa- memorial Thursday for the more tion the next day in apparent disre-

The uproar was predictable. Nearly everyone in Haiti professes to want the next leader to be chosen in fair elections and nearly everyone expresses fear that the elections will not be fair.

The constitution is so loaded with protections against dictatorship that many leaders wonder if it can work. Many Haitians thought

communism was a way of telling tial clamor was superseded by de-Washington its alignment with the mands that they step down on the

ed to follow the constitution. Washington is not saying that it

government, we're going to try will support the generals no matter communism," said Maggie Au- what But it is saying that a change dant, 29, a nurse.

The Haitian generals have albly lead to more confusion and ways seemed to be bad managers almost certainly delay the voting. and have never been good at ex- In the past, just as the country

the protests and the military leadplaining themselves to their coun- ers have inched ahead on their The present protests may be loswell when they brought on the pre- ing steam also. The nationwide sent crisis by abruptly taking con-strikes last week were not as effective as those a week earlier, and a

has seemed on the brink of disinte-

grating, the steam has gone out of

than 20 victims of soldiers' gunfire gard for the spirit if not the letter of during the strikes drew only a small But the resignations of a handful of provincial officials in protest to

the government, and a turnout of more than 10,000 marchers in the capital Saturday, indicated that the crisis had not yet run its course.

The leaders of the protests have

said they will give the generals until Monday to resign. The generals have ignored all requests for disin June that they were witnessing a cussions and the protest leaders power grab. The generals rescinded their de-know what they will do if the gener-

### Weizsäcker Visit to Soviet Underscored Sensitivities as It Made Progress on Ties

By James M. Markham

New York Times Service BONN - A six-day visit to the Soviet Union by President Richard von Weizsäcker of West Germany appears to have opened the way for increased high-level contacts between Moscow and Bonn, according to West German officials and Western diplomats.

But the trip, which ended Saturday, also has underscored sharpened Soviet sensitivities to the issue of German reunification and suggested that it will be some time before Moscow regards its relations with Bonn with anything like the equanimity it accords ties with London and Paris.

At a news conference on Friday, Chancellor Helmut Kohl praised Mr. von Weizsäcker and his Soviet hosts for having reached "a mile- page.

A spokeswoman for the Com-

any relationship with the FMLN.

been extracted from political pris-

mittee of Mothers, which is known madres committee has been the tar-

The spokeswoman, Marlene Pe- Salvador last Wednesday when

rez, charged that information link- about 100 members and supporters

ing organizations such as Co- of a Social Security workers union,

from false confessions that had tried to occupy the Institute of So-

s to the rebel groups came some of them armed with clubs,

as Comadres, said: "We don't have get of several attacks.

stone on the way to understandthat Mikhail S. Gorbachev would visit Bonn early next year. The Soviet leader has visited

ceived British and French leaders a key figure in the deployment of U.S. medium-range missiles in Eu-rope, has been confined to a kind of Yet the inherently taut and mis-Soviet diplomatic doghouse. The Soviet press witheringly criticized him this year for having compared bels, the Nazi propaganda chief.

The carefully negotiated visit by Mr. von Weizsäcker, whose posi-

The headquarters of the Co-

Violence broke out between se-

curity forces and protesters in San

In Moscow, Mr. Gorbachev coning." He also expressed the hope veyed his "cordial greetings" to the absent Mr. Kohl, and although no date was fixed for a visit by the Soviet leader, Mr. Genscher and London and Paris, and he has re- Foreign Minister Eduard A. Shevardnadze agreed to meet in Bonn in Moscow, But Mr. Kohl, who was in the fall. The stage is slowly being set, it appears, for a Gorbachev

trustful nature of the Moscow-Bonn relationship was signaled when the Communist Party daily the public relations skills of Mr. Pravda broke with Mr. Gorba-Gorbachev to those of Josef Goeb-chev's policies of glasnost, or openchev's policies of glasnost, or open-ness, and censored Mr. von Weiz-säcker's centerpiece dinner toast.

The passages deleted included a tion is broadly ceremonial, was reference to the hope that more clearly seen by both sides as an German-speaking Soviet citizens occasion for formally turning a new would be allowed to emigrate and a would be allowed to emigrate and a long section in which Mr. von Weizsäcker insisted that "Germans today in east and west live separated, but they have not ceased and will not cease to feel themselves to be one nation."

Like the French, the Russians appear to have been perplexed and upset by a recently revived discus-sion in Mr. Kohl's Christian Democratic Party on the unresolved German question.

In his talks with the German president, Mr. Gorbachev said that the German question was no longer "open," that the existence of two

### German nations was a fact. ■ Pilot's Release Cited

Mathias Rust, the West German pilot who landed his light airplane May 28 at Red Square in Moscow. will be released from prison and Social Security workers union is a returned home "in the near future," according to Die Welt newspaper on Sunday, The Associated Press

The Soviet Union, in a message from "Kremlin authorities" delivered to Mr. von Weizsäcker, said treated well and would be returned home soon. Die Welt reported.

# Salvadorans Assert Rebel Documents Detail 'Insurrection' Plan for Capital

forces and protests at the U.S. Embassy

By William Branigin

Washington Post Service
SAN SALVADOR — El Selvador's Marxist-led guerrillas, in a shift of strategy, are stepping up activities to incite an "insurection" in the capital and prepare for a national "strategic counteroffensive" in the next two years, accord-

security forces, were captured in raids in April on "active safehouses" of the Farabundo Marti National Liberation Front.

The front, known as FMLN for its Spanish initials, is the umbrella organization of the guerrillas, which are in their eighth year of

cate that the rebels' previously announced objective to intensify insurgent activities in the capital has been carried out.

raids in Ayutuxtepeque, on the northern outskirts of San Salvador, and in Texistepeque, in the eastern part of the country, according to the Salvadoran military.

ments calls for a series of increasingly aggressive activities in conunction with certain labor, numanitarian and refugee organizations that the government of President José Napoleón Duarte has denounced as rebel "fronts."

bining military actions by Faraorganizations.

It outlines plans for intensified labor strikes, sit-ins, marches, land takeovers, infiltration of the armed forces, protests in front of the U.S. Embassy and the presentation of specific demands to the govern-

The documents also outline in- Excelsion, acknowledged that ments is given greater credence by government" the portrayal of the estimated 40,000 are believed to volvement by several groups that weapons had been sent to the Sal- the fact that they outline a program organizations as fronts of the rebel have been murdered by death

are not mentioned by name.

A member of the Democratic after the Sandinists took power.

Demolitricanary Front, which is al
He indicated some supplies for Two organizations mentioned in front, did not dispute the authenwhen shown a transcript of one key ing to tebel documents said to have paper that appears to be from the been captured by Salvadoran secu-

But that rebel group member ex-The documents, according to the

war against the government.

The documents appear to indi-

The documents were captured in

The plan outlined in the docu-

bundo Marti guerrillas with "insurrectional" activities by civilian

One document discusses com-

vadoran rebels for a time shortly of actions that occurred after the ticity of the documents this month

pressed concern that the guerrillas were "overestimating" their capabilities and closing off opportuni-

In the past, rebels and their supother documents that were said to of supplying the Salvadoran rebels.

have been captured by the military. President Daniel Ortega Saavedra of Nicaragua, in a recent inter- foreign arms supplies. view with the Mexican newspaper The authenticity of the docu-

One of the documents outlines plans for intensified labor strikes, sit ins, marches, land takeovers, infiltration of the armed

ties for a political solution by de- the Farabundo Marti front may the documents, the National Union veloping plans for an still be passing through Nicaraguan of Salvadoran Workers and the insurrection." knowledge. He denied, however, nied that they have any links with porters have denounced as fakes that Nicaragua has any policy now

> None of the recently captured documents makes any reference to

territory without the government's Committee of Mothers, have de-

the Parabundo Marti front. The workers' union - a leftist labor federation that includes student, peasant and refugee groups - last month denounced as a

Mrs. Perez said she knew nothing about the captured documents, which she described as "armed

Our work is neutral."

oners under torture.

Comadres, which was formed in the 1970s, has won international attention for its work in denouncing rightist death squads.

Of the more than 60,000 Salvadorans said to have been killed "dirty and criminal action of the since the civil war began in 1979, an reported wounded.

cial Security building and clashed with police guarding the site, news agencies reported at the time. The

member of the National Union of Salvadoran Workers. When police outside the building fired in the air to disperse the crowd, police inside apparently thought they were under fire and

reported in Bonn. began shooting wildly, news agen- the 19-year-old pilot was being cies said. About 20 persons were

# John Hammond, U.S. Record Producer and Talent Scout, Is Dead at 76

NEW YORK - John Hammond, 76, a critic, talent scout and record producer whose musical discoveries ranged from Billie Holiday to Bob Dylan and Bruce Springsteen and who had an extraordinary influence on American popular music, died Friday at his home

in Manhattan Over the course of a career that spanned nearly half a century, Mr. Hammond was directly responsible for bringing Holiday, Count Basie, Teddy Wilson, Charlie Christian and Aretha Franklin to public attention, and he supervised the last recording sessions of Bessie Smith,

the celebrated blues singer. It was Mr. Hammond's idea to form the Benny Goodman Orches-

Amid considerable corporate resistance, he signed a young, unknown folk singer named Bob Dy-lan to Columbia Records in 1961. And in 1972, when he was in his 60s, Mr. Hammond had the prescience to recognize talent in Mr. Springsteen and to offer him his

first recording contract.

Mr. Hammond was a champion of racial equality, and his love for jazz and blues helped to elevate black music from segregated clubs and small, poorly distributed "race" record labels and bring it to a wide audience.

"Everything I was trying to do in the music business was connected

"Spirituals to Swing" concert at that had been done to American lar music for publications as dispa-Carnegie Hall in 1938.

that had been done to American lar music for publications as dispa-rate as Melody Maker, The Brook-garden, among others.

In 1934, Goodman reluctantly submitted to Mr. Hammond's oftjazz and black people," he said. In 1979, he said: "One reason I'm the way I am is that I got to know Harlem. Upper-class white

> slumming. I went out of passion. Anyone who did that had his life with racially mixed groups at a time clubs and theaters of Harlem. After heard of, When he introduced Mr. 1931, he worked for radio station Wilson to Benny Goodman and

Trio, which subsequently played in Carnegie Hall, it was believed to be the first time a racialty integrated division of Columbia Records. musical unit had appeared onstage

lyn Eagle, New Masses and The

New York Times. John Henry Hammond Jr. was folks went up to Harlem in the '20s, born into an upper-class Manhat-slumming. I went out of passion. tan family on Dec. 15, 1910. While still a teen-ager, he be-

came fascinated with black music. He arranged recording dates and spent a good deal of time in the when such arrangements were un- dropping out of Yale University in WEVD as an announcer, disc jockthey formed the Benny Goodman ey and producer of live jazz shows. In 1933, he was named American

These early sessions yielded rein a major hall in the United States. cords by Fletcher Henderson, Mr. Hammond also was a critic. Coleman Hawkins, Joe Venuti,

recording director of the English

He personally subsidized many repeated plea that he form his own of these recordings on the \$12,000- band. a-year income he received from a trust fund. He heard Ella Fitzgerald in 1934, shortly after she had won an amateur contest, and declined to record her. He later said it

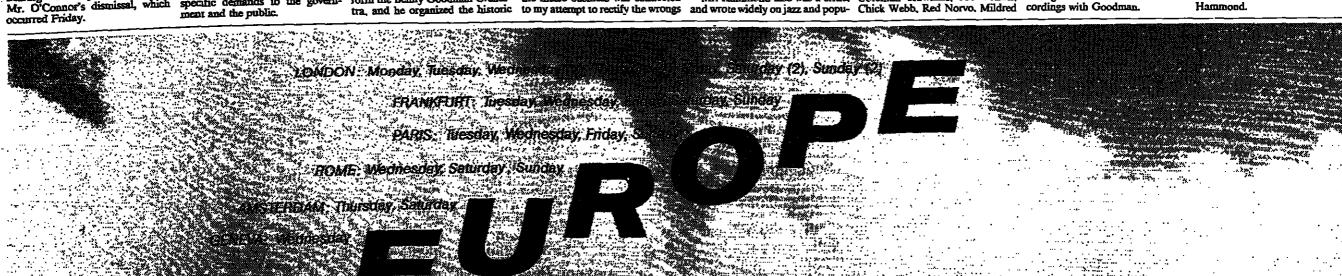
was the worst mistake of his career. During this time, Mr. Hammond befriended the young Goodman, who was then playing only occasionally, in pit bands and on the radio. The two men often went on nocturnal excursions around Harlem. On one trip, they heard an unknown singer named Billie Holiday. Mr. Hammond was tremendously impressed and immediately arranged for her to make two re-

During this period, Mr. Hammond discovered Count Basie over the airwaves of a Kansas City, Missouri, station, and found Charlie Christian playing in a small honkytonk club outside Oklahoma City.

Mr. Springsteen played an audition for Mr. Hammond in 1972. "He launched immediately into an extraordinary piece filled with

called. "I heard immediately that he was both a born poet and an extremely good guitar player." One of Mr. Hammond's two sons is the blues musician John

street imagery," Mr. Hammond re-



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### Continental Says Its Pilot Was Urged To Suppress Report of Near Collision

By Richard Witkin

A Continental Airlines spokes promptly notify air traffic control
New York Times Service man said Saturday: "There were lers. This is especially important several requests and each time our over the ocean, which is not covsation among pilots after two airliners nearly collided over the Atlands application among pilots after two airliners nearly collided over the Atlands application among pilots after two airliners nearly collided over the Atliners spokesman declined to lers to follow the aircraft. lantic last week included repeated comment Saturday. suggestions that the incident not be In the radio transmissions, some ducted by the Canadian Air Safety reported, according to a Continen-

The pilot of the Continental Boeing 747 involved in the Wednesday incident maintained in his radio transmissions that many people knew about the near collision and that he had to report it, the officials said.

Other participants in the radio conversations were pilots aboard the Delta L-1011, which missed the Continental jumbo jet by about 100 feet (30 meters) after straying 60 miles (100 kilometers) off course, and the crews of two other airliners

Officials said they could not be sure who first suggested hushing up the events and who lent support. the door and crying, and they saw the whole thing out the windows," was the gist of the Continental pi-gram for two years in which flight lot's reply, according to a version of the radio exchange supplied by an lisions. airline industry source. Almost 600 U.S. regulations also require pipeople were aboard the two planes. lots who stray off course to

one asked the Continental pilots Board because the incident octal Airlines spokesman as well as whether they were going to file a curred in airspace under its author-officials close to an investigation of report. When the Continental crew ity about three hours flying time gave a quick indication that they would, according to sources close on parallel courses to the United to the investigation, it was followed States, and the FAA announced to the investigation, it was followed by a transmission to the effect that Friday that it was conducting its nobody knows about it except us,

> Government investigators said that the issue of who said what would be cleared up by pilots and others who can identify the voices on a tape recording made by a U.S. Air Force Boeing 707. The Air Force pilots took special steps to prevent the 30-minute tape from being erased because they were up-set at what they heard, the officials

One highly placed official of the Federal Aviation Administration said that agency officials who listened to the tape recording were outraged. The FAA has had a procrews must file reports of near col-

# - West German Chancellor Helmut Kohl stopped Sunday

### LANCE: Irritated by U.S., Bonn Backs Off NATO Plan danger the Montebello plan, offi- lai L Ryzhkov, accused the United

Shanghai to inspect the training vessel Deutschland. Mr. Kohl is on a weeklong visit to China; the Deutschland is the first West German naval vessel to dock there since 1949.

broadening of the treaty, contending that the proposed accord would provide for removal from Enrope of all the superpowers' ground-based nuclear missiles except those in the under-300-mile range, such as the Lance. These barderield nuclear mass library and the superpowers are the lance are send to the superpowers and the superpowers are the way are control talks, The Associated Press reported from Vienna. He was speaking a day after the way the superpower was library and the superpower was still the superpower and library and the superpower was still the superpower was still the superpower. clear weapons most likely would be sources said. U.S. officials con- that Moscow was stalling progress used on the front lines during a tended in private talks that the in. toward a superpower agreement on

used on the front lines during a crease was necessary to help composed removal detonate almost exclusively on German soil.

tended in private talks that the intermediate reason reducing medium-range nuclear reducing nuclear reducing nuclear reducing nuclear reducing nuclear r

cials and political sources said. States and NATO on Saturday of

Bonn warned Washington during discussions in April and May

Soviet Assails U.S., NATO

willingness to compromise. But, ing discussions in April and May
that widening the accord would en-

### ARMOR: Many Soviet Tanks All but Invulnerable to Missiles, U.S. Aides Say

Washington. He said in an inter- developed a tank gun now used by view, "It's too soon to write off our all the major military powers - a land forces in Europe." "As far as I know," Mr. Epstein

said, "the United States has no test data acquired from Soviet-made reactive armor as used on Soviet

The new armor, he said, appeared to be quite effective against missiles fired from ground level but less so against missiles that at-tacked the relatively thin top armor of tanks. The explosive armor was not effective against mines, he said.

blast compresses and melts the research organization based in few years ago, when West Germany.

For example, when Secretary of

State George P. Shultz asked him in

Tokyo in May 1986 if the Iranian

arms sales were continuing, Admi-ral Poindexter said there was not "a

When Colonel North falsely told

a House committee last Aug. 6 that

he was not involved in contra mili-

tary activities. Admiral Poindexter sent'a "well done" computer mes-

When the diversion was dis-

conference on Nov. 25, Mr. Meese said Admiral Poindexter told him

he "did not know the details" of the

shred of truth" to the story.

sage to him.

# **Europeans Finding** North Impressive, System Worrisome

By Barry James

Like millions of Americans. Dominique Molsi, a French politi-cal analyst, found himself avially watching television last week.

And like many Americans, Mr Molsi, associate director of the French Institute of International

Relations in Paris, found himself

unexpectedly impressed by Lieu-tenant Colonel Oliver L. North "He's not the stopid military gay we thought we might see," Mr. Mois' said. "He is an articulate. strong and very coherent person. Nevertheless, Mr. Mois, who is tracking at Harvard University during the summer, said that his

I'm impressed in a very negative sense because the system of checks

ional hearings show the extent to "but that he was not in control."

A projectile fired from the West which foreign policy has become an I20mm cannon mounted catension of domestic policy in the sional decision to impeach the preson the latest U.S. main battle time. United States, Because of this, he ident "would be a terrible thing. All the MI-AI, flies at 5,000 feet (1,518 added, "the allies are frightened by of us depend on the leadership of meters) per second. At that speed, a the inherent apprendictability of the United States. The United States are frightened by of us depend on the leadership of the United States. The United States are frightened by of us depend on the leadership of the United States. The United States are frightened by of us depend on the leadership of the United States. The United States are frightened by of us depend on the leadership of the United States. The United States are frightened by of us depend on the leadership of the United States. The United States are frightened by of us depend on the leadership of the United States. The United States are frightened by of us depend on the leadership of the United States. The United States are frightened by of us depend on the leadership of the United States. The United States are frightened by of us depend on the leadership of the United States. The United States are frightened by of us depend on the leadership of the United States. The United States are frightened by of us depend on the leadership of the United States. The United States are frightened by of us depend on the leadership of the United States. The United States are frightened by of us depend on the leadership of the United States. The United States are frightened by of us depend on the leadership of the United States. The United St

"If our anti-tank guided missiles The standard Soviet 125mm tank from the staff of the National Secuthis leadership."

The standard Soviet 125mm tank from the staff of the National Secuthis leadership."

gun fires penetrators that produce hity Council. "He's trough and agricmor," he asked, "why are we continuing to buy more of them? For
Army experts say that explosive said. "John Wayne could have lian Amery, a Conservative mem-

the North Athense Assembly in Brussels. "He if intelligent and dedicated. But he is also very danperous. His approach is not consis tent with democracy."

"hely personal reaction is that Ol-iver North is a man who has dom-onstrated that he despites demo-cratically elected representatives," and François Heisbourg, & French defense market who in the fall will take over as director of the Interna-tional Institute for Strategic Stud-ies, "In most other counties he would be account of aedition." "America's friends, I think, are

looking on all this with mystification," said Robert Ford, the former Canadian ambassador to the Soviet Union. And the Soviet Union. during the summer, san unandual perspective, as a European Union. And the Sover temporarily residing in the United while probably delighted to see the capitalist giant in a mess, may peans interviewed in second days, be equally puzzled by America's political behavior.

We have a controlled process.

American political process

"As a European who loves tergine, and I bet they are doing the America. I'm impressed by its deamne thing right now," he said mocracy," he said in a telephone throughout the Watergate associal, it interview. "As a European who de throughout the Watergate associal, it interview." As a European who de throughout the Watergate associal, it is a love here of President. placed all their bets on President Richard M. Nixon as the man most and balances leads to a complete likely to deliver detente. This time, blocking of the political process." they are equally communitied to Mr. Mois and that, in trying to President Round Reagan as the cut through problems, "Colonel one most likely to give them an North was too ideological and he arms control agreement.

lacked a strategic view.

Another expert in Soviet affairs,

"A system that could put him in Jacques Amelice, fossign editor of charge — well, I admire it but I Le Monde newspaper in Parts, said have to be worried and puzzled as he believed that Krenalin officials well "he wist

"Until now," Mr. Ryzhkov said, have to be worried and puzzied as the believed that Kremiur officials are now more sophiaticated. They willingness to compromise But, well "he said.

Wally Europeans said they were thought Watergate was an anti-Sowen today, the agreement with impressed with the degree of openness and accountability that Americans demand of their public services that Europeans tend to traditions can be reconciled with the demands of his power politics.

Josef Joffe, foreign editor of the said that Europeans tend to have a more cynical view about the demands of his power politics. Josef Joffe, foreign editor of the said that Europeans and Americans activity, you have to be able to keep foreign policy. To conduct server a smooth-bore cannon that fires metally a spikes instead of explosive shells.

The spikes are finned like arrows. To impact the most possible force, they are often made of uranima.

Mr. Joffe said that the congression foreign a listory of fact the activities of the fact that Europeans and Americans activity, you have to be able to keep secrets," he said. This is one point the main problem revealed by the faculty of reconciling a listory of the litan Contra hearings, Mr. Ford said, was not whether or not Research that the congression of the said, was not whether or not Research that the congression of the said, was not whether or not Research that the congression of the said that the congression of the

oming out of this very well and Congress is coming out very backy

Moscow's desire not to lose the

He said he had sent five memo momentum of the arms control randoms to his superiors — Admi. process left Mr. Reagan with a ral Poindexter and, he assumed, the strong card still to play, he said. A ral Poindexter and, he assumed the president cuttining the Iran. Democrat would need a long time arms and contra-aid operations, all before he was in a position to do a marked for presidential approval deal with Moscow, he said "so there is a lot of pressure on the Soviets to do a deal in the last 18.

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Poindenter stating that he ap Let's help him, They know how to proved and the president agreed. lobby."

### When North Was Told 'No'

WASHINGTON — Lientenant, Colonel Officer 1. North com-plained last September to Vice Admiral John M. Poindexter, their the national security adviser, that it was "increasingly difficult to do shy job" because he was demed White House car privileges, has acceptany had not been promoted and he could not obtain staff hadges for sec-subcardinates. Staff badges allow access to various offices of the executive bear

Office should understand." Admiral Poindenter wrote-cities and rejecting Colonel North's request, that "passes are not a hadge of homo-convenience." He wrote a note to an aide to tell Colonel North "to quit briching."

Admiral Poindexter, who was then Colonel North's boss on the National Security Council staff, appeared sympathetic to the bransportation difficulties but refused Colonel North's regions to the white House chief of staff "without sending if through normal channels."

Colonel North outlined his problems in a meme to A Pointer Norm outmed his problems in a meme an recommendation of the said he wanted access to the White House car road to do my job." He said he wanted access to the White House car road of the said he wanted access to the White House car road of the said he wanted access to the White House car road of the said he wanted access to the White House car road of the said he wanted access to the White House car road of the said he wanted access to the White House car road of the said he wanted access to the wanted acces

based on the frequent need for me to travel quickly, an above need of ten transporting highly sensitive material." As for promoting Colonel North's secretary, Faun Hall, Adm

Poindexter said: "I believe our promotion policies are thin."











### KOREA: Cracks in a Police Wall

(Continued from Page 1) was killed by a tear-gas grenade during a rally.

It is a testament to the discipline of the police force that it killed no mets off, some of their faces reveal

tear gas at the students, and dem- ances on the other side. onstrators in front of them throw Mr. Yang said that in some cases stones, the front ranks of police are police commanders stir up sentioften caught in the middle. Or- ments against the students, "ragdered to act as a human wall, they ing" at them during training seshave only their shields to fend off sions rocks and blows from stick-wielding students

### **SHOOTING:** West Bank Echo (Continued from Page 1)

enough for Yusuf Said Nassar, 67, the father of the dead brothers. According to accounts by both sides, he lured Dawnd Sobeh, 75, an uncle of the Abdelhadis, to a café in nearby Ramallah and stabbed him three times. Mr. Sobeh survived. Mr. Nassar went to jail. He was sentenced to seven years,

which touched off a brawl in the courtroom and on the streets of Ramallah. The two sides continued brawling when they returned to tional obedience." Deir Dibwan, and Israeli soldiers

dahs halted Dawud Sobeh's sedan on the main road to Ramallah, worker said, another policeman beating him with a stick.

worked for," said one member of having the right spirit."

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**ARISTOCATS** 

those they can catch. But the uniformed not police do not follow

other demonstrators during 20 unhappy draftees. Blinking back days of turbulent clashes in June, tear gas, sweating from padded although one demonstrator died uniforms, they slump in formation when he fell off a bridge, and one for a cigarette break between skirpolicemen was run over by a bus. mishes. Many are former university While comrades behind them lob students with friends or acquaint-

captured a couple of Israeli M-60

But in recent days, as the force has become increasingly worn times wade into the throng, beating come slow to join the battle when students with clubs and grabbing ordered. As a result, abuse by supe- are protected by it. Only the highniors has become more common, according to Kim Dong Wan, di-rector of the Human Rights Committee of the National Council of Churches in Korea.

"A lot of them may be tired, they act slowly, and the police overre-

In the most recent such incident. a senior officer accused Cho Yang Kun, 22, of lacking discipline and repeatedly punched him in the chest. Mr. Cho died soon after the

The incident occurred on a police bus while 40 other policemen watched, Reuters reported on

Mr. Yang said beatings were common, a tool to instill "uncondi-"On paper, officially, it never Military Ties

The next day two dozen Awa- there are many cases." In February, a human rights

was beaten to death by two senior "It has destroyed all that we've officers for "not listening well, not the Saramahs, who lives in Jordan. In addition, according to the "We love our village, we love peace. church office, since September

### But the old people in this town there have been three suicides and refuse to listen. They still think the one attempted suicide by riot posame way from 50 years ago. I am lice who reportedly had been beatashamed to say I am from Deir en, hazed or, in one case, had money extorted by senior officers.

Developer Paid No U.S. Income Taxes

Claiming Millions in 'Paper Losses,'

BOSTON — Mortimer B. Zuckerman, the real estate magnate who owns U.S. News & World Report magazine, has paid no U.S. income tax for the past five years by claiming tens of millions of dollars in what his lawyer calls "paper losses" from various business ventures, according to court testimony here.

Bostions of his personal tax returns along with propagate at her Portions of his personal tax returns, along with numerous other

details about business practices, have emerged in recent weeks during the course of an unusually fierce and protracted legal dispute growing out of Mr. Zuckerman's 1980 purchase of the Atlantic Monthly.

Mr. Zuckerman's lawyers, who fought to exclude the tax returns from the case, have contended that his lack of income tax liability between 1981 and 1986 reflects routine practice in the the real estate

Ranked by Forbes magazine among the 400 wealthiest Americans with an estimated net worth of \$250 million, Mr. Zuckerman recently testified that he has accumulated more than \$100 million in real estate tax losses over the past few years.

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### tanks during the 1982 war in Lebanon. Those tanks were protected by Blazer subsequently fell into

The main inquiry is being con-

ity about three hours flying time

west of London. The planes were

own inquiry in coordination with the U.S. National Transportation

The near disaster, and anothe

close call over the Atlantic 800 miles south of New York a day

later, increased concern among

over the state of air safety. A con-

troller error cansed a Pan Am air-

liner and a Viasa Venezuelan plane

carrying a combined total of about

180 passengers to come within a

In Wednesday's incident, the

The Delta plane, carrying 153

ssengers and a crew of up to 12,

as headed for Cincinnati on the

middle track of five trans-Atlantic

routes from Europe. The Continental plane, carrying 399 passengers and 19 in the crew and bound for

Newark International Airport, was

igned to the next track, 60 miles

For reasons that have not yet

been determined the Delta plane

strayed south in clear weather near midday and crossed just beneath

the Continental plane at about a

two planes were flying at 31,000

feet westward from England's

Gatwick Airport.

to the south.

20-degree angle.

quarter mile of colliding on Thurs-

Soviet hands, and now Moscow's T-72 and T-80 main battle tanks velocity metal penetrator rods fired by our latest tank cannons can get

"This seriously changes the military balance."

General Sunell said that his task force is to report Aug. 18 to army Soviet armor and the U.S. capacity to defeat it. A congressional hearing is expected later.

The warhead of an anti-tank more has changed the balance of that matter, why haven't we put armor is relatively ineffective played this role to perfection. her of the British parliament. "Cornaits a short distance before reaching the armor it is attacking. This

(Continued from Page 1)

charge's metal liming, squirting it forward in a thin liquid jet. This rapidly moving jet can pen-

etrate steel armor a foot or more in thickness, hurling fragments and flame into a turret, killing the crew and setting off ammunition stores. The armor based on the Israeli invention consists of blocks of high explosive packed in small steel boxes that are draped like links of chain mail, usually over the armored top and flanks of a tank.

Any box hit by a missile explodes.

The blast is not supposed to damage the tank, but is designed to disperse the jet of gas and metal coming from the anti-tank missile, making it harmless. The contention that the new ar-

um, a very dense material.

INOUYE: Poindexter Document Implicates Reagan, Panel Members Say mind about support for the U.S.

nel North might join the Central fied that William I Casey, the di- Mr. Reagan has repeatedly do. "The administration either had be Intelligence Agency as a special as- rector of central intelligence, had nied he knew that profits from the to stop henoing the contras or find

alone" fund that could pay for intelligence operations outside Colonel North testified last week
telligence operations outside that he "assumed" the president tration was pressuring U.S. allies had approved the covert operation not to sell same to Tehran. Neither the president nor Con- he was carrying out.

Mr. Inouve said Sunday, in an carlier television interview, that "I was "explosively candid" in testify- suggested to the chagrin of many or disapproval. that the president wasn't absolutely honest when he said I didn't

### It is one of those memorandums, months of the presidency." apparently, that Senators Inouye. "The president needs an agric-and Rudman referred to as carry-ment on arms to save his image," ing an endorsement from Admiral Mr. Moži said. "The Soviets any,

### REAGAN: North's Testimony Renews Public Interest presidential approval for the diver-sion. Admiral Poindexter, who, like played a penchant for secrecy.

Reagan's approval of operations that included a diversion of funds. Each of the five memos was for a Union would have to use its influplanned Iranian arms sale, and ence in Hanoi to secure Vietnam's bree of the transactions described in the memos went through. Those sales took place in February, May and October 1986.

Until Colonel North's testimony, congressional investigators were aware of only one memo, a draft dated April 1986, that sought

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Colonel North, has been granted

limited immunity from prosecution for his testimony, has already been

Poindexter because, unlike Colonel North, he had regular access to the president. For example, Admiral Poindexter provided daily national

preparation for Admiral Poinpreparation for Admirat rom-dexter's testimony, Reagan sides closed by Attorney General Edwin have checked his every meeting Messe 3d at a White House news have checked his every meeting with the president to see when the two met alone or with others. When others were present, aides have interviewed them to see whether Ad- diversion.

miral Poindexter said anything Colonel North's testimony flatly about the diversion.

contradicts Admiral Poindexter's During Admiral Poindexter's statements as reported by Mr. enure as national security adviser Mccsc.

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### culties for Cambodia, Vietnam will come to its support." A sharply contrasting view was stated during an interview in Bangkok by a cabinet minister from a member of the Association of Southeast Asian Nations. He said Vietnam was now eager to negoti-ate because of the heavy burden

The organization's official positroops have to leave. But the senior official said a settlement was possi- Donald T. Regan, who Mr. Rudble based on a partial withdrawal by Vietnam. The minister said the Southeast

that Cambodia imposed.

that view because they believed a limited Vietnamese presence was needed to prevent a return to power of Pol Pot, the former Khmer Rouge leader. The key decisions now have to come from outside the region, the minister said. He said China would have to drop its unconditional sup-port of Pol Pot and the Soviet

acceptance of a compromise. Cambodian and Vietnamese officials emphasized their insistence on what Kong Korm, the Cambodian foreign minister, called the dismantling of the infrastructure of Pol Pot as a precondition for talks on national reconciliation

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more important in some ways than Colonel North's," he said. "Let me point out," Mr. Rud-man said, "that Admiral Poindexter had virtually open access to the president. Oliver North did

Among those still to testify in public sessions before the committee are Attorney General Edwin Meese 3d, Secretary of State George P. Shultz, Defense Secretion, like that of China, is that all tary Caspar W. Weinberger and a former White House chief of staff, man said "has an ongoing knowl-edge of this entire situation."

[Less than 24 hours before they Asian nations had come around to lost their White House posts, Colonel North and Admiral Poindexter discussed the possibility that Colo-

sistant to the director, according to
wanted to use profits from the arms sale of American weapons to from an ingenious way around. It miscomputer messages between the sales to Iran to establish an "off- were being secretly used to provide fired. But helping Iran was mistwo men, The Associated Press rethe-shelf, self-sustaining, standmilitary support for the contrast guided. That shock America's
ported Sunday. [Internal White House commu

nications also reveal that in those normal government control. scribed Mr. Meese as "one of the gress were to be informed about it, few besides the president that I can Colonel North said in his fourth trust." And he said Mr. Meese, who day of testimony before the conwas heading an inquiry into the gressional committee.

Iran-contra affair, "is still trying to figure out what to do."] Colonel North, Mr. Inouye said,

ing about his role in the affair. He said, however, there were

"some documents to suggest that know," because I felt after reading he wasn't absolutely candid." He declined to elaborate.

more than he says he does. The

On Friday, Colonel North testi- same with other witnesses."

interviewed extensively in private by congressional investigators. The White House has always been concerned about Admiral

security briefings to Mr. Reagan. ... As part of their extraordinary

Monday, July 13, 1987

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# Small vs. Large: A Closer Look

NVESTORS have long been aware that over lengthy periods of time, the returns on stocks of smaller companies as a group tend to surpass those on stocks of larger companies. "There's a fairly serious body of reliable research that small stocks on average outperform blue chips," notes Rex Sinquelield, chairman of Dimensional Fund Advisors, a Santa Monica, California, investment firm, a longtime student of the phenomena.

That relationship makes good common sense. As a group, small companies typically grow faster than large companies. The higher returns on their shares compensate investors for the additional risks of investing in less established enterprises.

This seems to hold true in the world's three principal markets, according to research by Mr. Sinquefield's

Size and Performance Total returns on larger stocks and smaller stocks over two years ended in mid-June.

The firm ranked the stocks listed on the major exchanges in New York, London and Tokyo according to market capitalization and evaluated their performance over a 17year period. In each market, the average performance of stocks in the lower half of the rankings outperformed the upper half by about 4 percentage points.

But investors would do well to underscore the word "average." Within the group of small companies from each market, there were sharp

variations of fortune, making stockpicking a hazardous enterprise. Investors who bet on one or two small stocks, rather than building a diverse portfolio of 10 to 20 issues, were taking on a lot of risk.

OREOVER, the average performance for long periods of time says little about near-term performance. Even well-diversified portfolio of small stocks will underperform one of

larger stocks in certain periods.

Adding to the complexity is that there does not seem to be any reliable indicator to identify the periods in which small stocks will return more than large stocks. "Nothing can forecast whether one will outperform the others," contends Mr. Sinquefield.

Indeed, the experience of Japan and the United States in recent years shows how small stocks can disappoint in the midst of a roaning bull market. In the last two years, the shares of larger Japanese companies have returned about 47 percent while

those of smaller companies totaled 27 percent.

The gap in the United States was even wider, with larger stocks returning 28 percent and smaller stocks 18 percent, according to the Dimensional Fund Ad-

An exception has been Britain, where smaller stocks have nucleed out those on larger stocks by a margin of 39 percent to 37 percent over the two-year there is little way to tell in a single

market when smaller stocks will outperform bigger stocks, there is no correlation among the major three world markets on small-stock performance, Mr. Sinquefield says. Far from seeing this as a problem, he says it makes a good argument for a globally diversi-fied portfolio of small stocks. Lagging performance in one market is more likely to be offset by betterthan-average gains in another.

Mr. Sinquefield has observed at least one key difference between the U.S. market and those in Japan and Britain. In the United States, the returns on small stocks are far more volatile than those on large stocks, according to statistical measures used by professional portfolio managers. Yet the volatility of returns of small and large stock are about equal in the Tokyo and British markets.

This is important for investors who equate volatility with risk.

The inference is that, over the long hand, investors are not taking on much more additional risk for the extra returns on small stocks in Japan and Britain. Mr. Sinquefield, however, is cautious about such

conclusions. These statistical measures of volatility may not reflect all the risks inherent in those non-U.S. markets, he says.

For example, the market for smaller stocks in Japan and Britain may be narrower and less efficient than it is the United States. Buyers of smaller stocks in these markets may be less able to acquire shares at prices decemed appropriate and called prices deemed appropriate, and sellers may have more trouble finding willing buyers.

William McBride

### UPDATE

### **Closed-End Coup**

Tis beginning to look like open season on single-country, closed-end funds. Two months after dissident shareholders, led by T. Boone Pickens Ir. forced the Japan Fund to convert to a conventional distinction of shareholders in the tional mutual fund, a group of shareholders in the Scandinavia Fund has declared its intention to take over the fund. (Personal Investing, April 13).

The group armounced that it had acquired 3,064,000 shares, or 47 percent of the fund, which was launched in June 1986 and trades on the American Stock Exchange. The fund's management has postponed the annual meeting until July 28.

The aims of the dissidents - Erik and Alexander Vik, VBI Corp.and Ingeniar Rydin Industritillbehor AB - are not clear, but observers believe they have no intention of open-ending the fund. This would allow shareholders to cash in on the discount between the price of the fund's traded stock and its higher asset value. Instead, the group wants to elect its own state of directors to run the \$70 million fund. Thomas J. Herzield, a South Miami, Florida, in-

vestment manager who specializes in closed-end funds, says the Scandinavia Fund's discount doubled to between 18 percent and 19 percent after the announcement, reflecting the stock market's nervousness about the change in management. Still, despite the attractiveness of the discount, he says he is not recommending the stock to his clients. "I don't have a really strong view on Scandinavian markets,"

John Meehan

# The Privileged World Of Private Banking

### Fees Can Run High, **But Service Abounds**

By Phil Roosevelt

not like most banks. A small, red-brick building dating back to the 18th century, it stands in elegant contrast with the store-front convenience that has come to typify modern-day branch-banking. There are no crowds of hurried depositers, no string of tellers' cages. Instead, clients quietly transact their business amid chandeliers, Persian rugs and fine crafted furniture.

"The moment you step in the door," says R. Stephen Rood, 51,

"The moment you step in the door," says R. Stephen Rood, 51, the office's manager, "you know that you are in a special place and that you are a special person."

Welcome to the world of "private banking." Once practiced mainly by a handful of small European banking partnerships, the field now includes competitors from almost every major financial center. Banks in New York, London and, Hong Kong, as well as Zurich and Luxembourg boast private banking divisions. Even regional banks in the United States are offering their own tailor-made services for individuals. made services for individuals.

The object of this industry fervor is to attract what bankers like to call the "high net-worth individual." Ideally, private bankers want to find affluent clients who may not have the time, expertise or inclination to handle their own financial affairs and are willing to pay a fee for the bank to handle their assets.

In the case of Chase Manhattan's U.S. effort, customers generally must have annual incomes of at least \$250,000 or liquid assets of \$500,000 to qualify. Morgan Guaranty, at the high end of the scale, has raised its minimum to \$5 million for international clientele "and we still think it's a little low," says Arthur Scalley, a senior vice president in Morgan's private banking

Of course, the notion of pampering the affluent is not new in banking. Loadon's exclusive Coutts & Co., for example, has been providing personalized banking for nearly 300 years and today is known to count Queen Elizabeth II among its customers. But, while Coutts has clung to many of its internal traditions — all male staffers must wear frock coats — the bank is well aware that its market is changing.

"There's pretty fierce competition these days," says John Lucas, manager of business development for Courts. "Everyone is awakening to the fact that these high net-worth individuals really do want personal attention."

One reason for the awakening is the sheer abundance of affluent individuals. Long-term rallies in financial markets, along

with successful entrepreneurial efforts, have created countless millionaires worldwide, and bankers realize that many needs of these individuals are not being met by such mass-market creations as automatic teller machines.

In addition, experts say, private banking is eminently profitable. Banks realize economies of scale by dealing with one customer with \$1 million rather than 50 customers with \$20,000. With profit margins getting ever smaller in traditional consumer banking, such economies are very welcome.

Many banks find private banking to be an ideal fit with their commerical, or merchant banking to be an ideal fit with their commerical, or merchant banking operations. "After we help make chief executive officers rich, we suggest to them that we can assist them invest their proceeds," says Barbara Thomas, a senior vice president and head of international private banking at Bankers Trust Co.

Private banking used to conjure images of the wealthy clients funneling cash into numbered accounts in countries out of the reach of tax authorities. Confidentiality has always been a hallmark and best explains why so many private banks have been established in Switzerland and Luxembourg. Even Chase's Mr. Rood notes that the private banking division makes a determined effort to maintain employee loyalty to guarantee discretion. "We have career tellers at a time when career tellers are a thing of the

Still, the industry has changed decidedly in recent years. Banks now offer detailed financial advice, comprehensive investment product lines and basic banking services, all while maintaining a measure of old-fashioned personal attention. And investment performance, not just wealth preservation, is rapidly becoming an important part of the picture.

VEN Swiss banks, whose chief attraction long has been Switzerland's secrecy laws, say that customers are increasingly keeping one eye on their account statements and another on rising market indexes. "People have this magic word 'performance' very much on their minds," observes Ivan Pictet, a partner in Pictet & Cie, a leading Genevabased private bank.

There is little unique about any single private banking service. In general they are all available elsewhere — either from specific departments within banks or from other types of companies. Instead, bankers say, the main benefit to customers is convenience. All services are made available to the customer and coordinated, if not administered, by a single private banker, who often bears the title of "relationship manager."

Relationship managers, who are sometimes paid twice as much as the counterparts at standard consumer banks, are supposed to possess more financial expertise and often have earned graduate degress in business. Ideally, the relationship manager will propose services relevant for the client and then work in concert with specialists at the bank to deliver the services.

For truly prized customers, there is almost no end to how far a

Continued on page 8

# THE PRICE OF PERSONAL SERVICE ogroem, decimes as assels exceed \$2 millions. Bankers Trust 0,5 percent, declines as assets exceed \$5 million Lpercent, declines as ensets excest \$6 million Morgan Guaranty No tree Trading Commissions and other charges can slightly exceed 1 percent. 1.5% Tpercent Other Charges average (I.5 percent ss Bank Corp. \$675,000 R. Stephen Rood of Chase Manhattan's private banking service in New York

### Robert Prechter Rides the Wave

By John Meehan

Gainesville, Georgia T is an unlikely setting, about a half mile down a winding road from Russell's Garage. deep in the heartland of Georgia. But here with only tall pines to obscure the vision from his lakeside home, Robert Prechter has earned a reputation as one of the most accurate stock market forecasters in the

Mr. Prechter, perhaps, is the best known practitioner of the Elliott wave principle, a technical — some say eccentric - system of predicting the market's ups and downs that first was developed after the disastrous

crash of 1929. The theory has all but been discarded by the Wall Street establishment, but remains a source of inspiration for Mr. Prechter's fans, 18,000 of whom subscribe to his monthly newsletter, The Elliott Wave Theo-rist, for \$233 a year. Not suprisingly, Mr. Prechter now finds himself cast in the role of a market guru, inheriting the mantle once enjoyed by predecessors such as Joseph Granville.

Ever since the bull market ignited in August 1982, Mr. Prechter has proved uncannily prescient in calling the market's peaks and valleys. He correctly predicted major down-drafts last July and again warned his readers of the correction in September, when the Dow Jones Industrial average plunged 141 points in the space of a week.

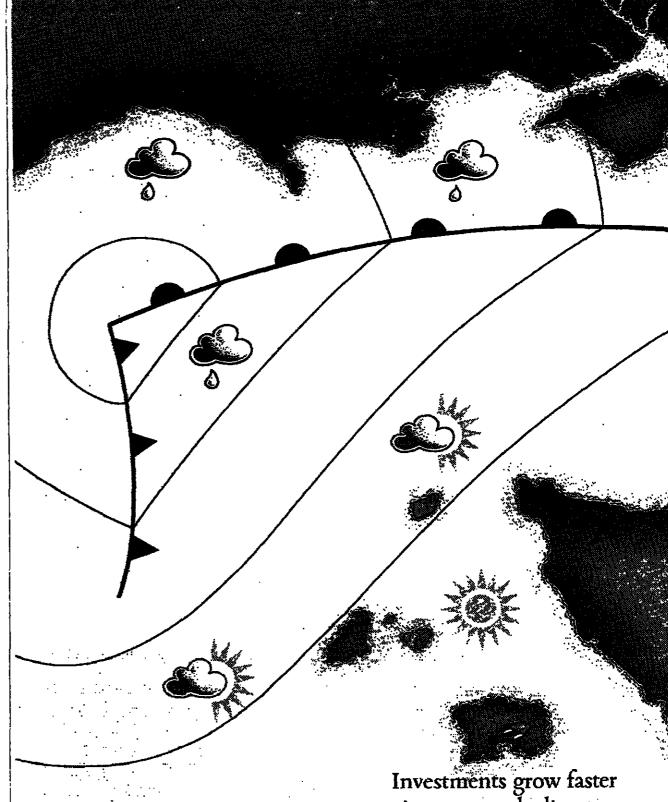
Although he has remained generally bullish for the market's prospects since last November. Mr. Prechter continues to dispense suprisingly accurate short-term advice to clients who use his hot-line telephone service.
"On average when you look at the past two and half years, he's the

Continued on page 10

'There's still a thousand points left in this market.'



Robert Prechter at the lake near his Georgia home.



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# Private Banking: A Range of Services for Privileged Clients

# Why Secrecy Is Crumbling

By Jacques Neher

ONFIDENTIALITY remains a paramount concern for many of those seeking a private banker, but banks are having a tougher time trying to keep a secret these days.

Switzerland's reputation for secrecy, which dates back to a 1938 law that threatens a banker with a fine and imprisonment for divulging information about a client's account to third parties, is a case in point. Last year, Swiss authorities froze accounts held by former Haitian dictator Jean-Claude Duvalier and ousted Philippines president Ferdinand Marcos.

Soon after, Switzerland's shield of secrecy suffered another major dent when it was disclosed that Bank Leu of Zurich had cooperated with the U.S. Securities and Exchange Commission in the Dennis Levine insider trading scandal. In fact, the Swiss are expected to enact legislation this fall that could force any bank to disclose information about an account if a client is

suspected of insider trading.
Swiss banking industry leaders say banking secrecy which they prefer to call "financial privacy"—
remains intact. "Secrecy was never absolute; there
were always limits when it came to criminal investigations." says Andreas Hubschmid, secretary of the Swiss Bankers Association.

While a banker can never know for sure the origins of a suitcase full of cash, the Swiss in 1977 set up a selfpolicing mechanism, the convention de diligence, in the hopes of keeping so-called "dirty" funds out.

That agreement, updated this year and scheduled to take effect Oct. 1, contains a controversial clause that will prevent lawyers from opening accounts for their clients without disclosing the identity of those clients

"It's not written on money if it's good or bad," says Claude de Saussure, president of the bankers' association. "But if we know who the client is, we'll also know

if it's drug money or kidnapping money."

Nevertheless, bankers fear the effect this new rule

house. On the other hand, it could be negative for business. American lawyers will take advantage of this and say that secrecy is not what it's been."

Not suprisingly, tighter controls have helped private bankers in other areas to attract business that only a few years ago might have gone into Swiss accounts.

"The Swiss secrecy product is very expensive and some are not willing any more to pay the high price," says Paul Lakers, head of private banking at Chase Manhattan Bank S.A. in London.

One indication of the changing perception of Swiss secrecy is seen in the growth of non-bank deposits in Luxembourg. Such deposits, which represent institutional funds as well as some private deposits, have tripled since 1980 to 2.3 trillion Belgian francs (\$61.7 billion). Tens of billions of dollars more in private funds are believed to be under manage

Some banking experts believe Luxembourg may soon rival Switzerland as the world's second biggest money haven in terms of foreign deposits. The Cay-

man islands is number one.

Like Swiss banks, Luxembourg banks are forbidden
by law to release information on clients to third parties. Though our secrecy laws are pretty close, when it comes to practical application, customers are definitely better protected in Luxembourg than in-Switzerland," argues Marc-Hubert Henry, manager of private banking at Kredietbank S.A. Luxembourgeoise, one of 124 banks operating in the 999-square-

NE reason, say bankers in Luxembourg, is that there are very few American customers at this point. Moreover, the small private banks established in Luxembourg do not harbor the global ambitions that many Swiss banks have. Many bankers suspect that Switzerland is responding to pressure from American authorities who may have subtlely, or overtly, threatened to yank the banking licenses of the major Swiss banks operating in the United States if such cooperation was not forthcoming.

Still, smaller depositors may have little to worry about. Most of the U.S. enforcement effort typically has been aimed at those involved in extreme cases of tax evasion or trying to conceal profits from criminal ectivities like narcotics dealings.

"If you choose to use a foreign bank to hide small amounts of income, you can probably get away with it," acknowledges Johnell Hunter, a spokeswoman for the Internal Revenue Service in Washington. Continued from page 7

relationship manager might go.

are tailored to each client's needs. Clients can tell their private banker to be aggressive or conservative and then establish a discretionary account, allowing the bank to trade stocks, bonds or other investment vehicles on their

"Most people want a reasonable retirm, but their primary goal is protection of assets," says Carol Parry, head of private banking at

hemical bank. Of course, basic banking services are also important. Checking accounts and credit cards are freely given to clients. In the U.S., more and more private bankers are promoting individually tailored loans for customers whose needs might otherwise fall somewhere between a consumer banker and a commercial loan officer. For growing mumbers of customers, these loans are the main draw of private banking.
"The good news is that private

bankers really do understand the complexity of a high net-worth indvidual's dealings," say Robert Ismazzo, a partner in the account-ing firm of Coopers and Lybrand who signed up with a private banker to meet his credit needs. He adds, however, that compar

ison shopping for private banking loans can pay off; he says that he was quoted interest rates that differed by as much as one percent-

of the customized credit programs. Robert Garver, head of Manufactorers Hanover Trust Co.'s U.S. private banking division, recalls that a client once called New York lion to invest in a leveraged or is effective, the bank as a whole buyout that was going to close in may not be as strong in providing bours. The bank analyzed the some services as other types of proposal overnight and quickly companies.

Spotowed the loan.

Beyond credit, private bankers have a high level of proposal. from the West Coast for \$1.2 mil-

Beyond credit, private bankers delve into such areas as financial planning, including a complete review of a client's assets, liabilities, insurance and estate planning. Real estate and fine-art investment services are offered in many

None of this comes cheaply. Each service carries a fee Each service carries a fee — Chemical charges \$7,500 for financial planning, for example — and even checking accounts may have charges if the customer's account dips below certain balance

In investment management. most private banks charge an annual management fee and deduct from the portfolio value a small

Generally, the annual total costs are about I percent of the. portfolio's value for the first \$1 million invested. The mans fee declines as the size of moestment increases and if the assets are substantial enough, some banks are willing to negotiate a fee.

N some countries. Switzer hand in particular, the total charges can be higher. That is because Swiss practice holds that the bankers not only pass along the cost of trading to consumer but also extract a profit. In addition there, a government tax on trading is passed to consumers and some private bankers also add

on a fixed management fee. The Swiss fees are rapacious sserts Larry Biehl, a principal in the investment advisory firm of Baillard, Biehl & Kaiser of San

For customers investing through Bank Leu's Switzerland offices, the annual charge for a customized portfolio could be as much as 0.5 to 1 percentage point higher than the fee for similar services through the bank's New York office, acknowledges Fernand Schoppig, head of Bank Leu's private banking unit in New

The difference, experts say, represents a surcharge for Swiss dis-

Asset management is the mousines for their clients at airports, walking clients dogs, and centerpiece of private banking. helping find schools for clients' children. When a Chase client in Most banks offer customized
New York was hospitalized a Most banks offer customized caps of some from a delicatessen.

Asset management, however, is the centerpiece of private banking.

Most banks ofter customized investment portfolios, they say, that are tailored to each client's meet.

> cretion. But banks in other locations are quick to point out that that the Swiss no longer have a

monopoly on secrety.
Luxembourg offers smaller protection. Moreover, many banks will offer to set up trusts in off-shore locations with tax advan-tages. London-based Midland Bank, which started a private banking program for non-British citizens, will do this in the Channel Islands, Panama or the Cay-

fees are not uniform and individ-uals should shop around.

Mr. Pictet of Pictet & Cie says his firm charges no management fee, while communicates and tax, for the average "global portfolio"—consisting of stocks, bonds, gold and any number of other instruments—rarely exceeds I per-

EES are just one factor that should be scrutinized by potential clients, according ial specialists. The orga nizational structure of the private banking unit is also important. The relationship manager, they say, must be able to quickly and effectively tap the resources of other departments within the bank, regardless of the size of the

"I would only recommend a if the people had the respect within their banks to get things done," says Mr. Biehl.

Even if the relationship mana

have a high level of personal atten-tiveness doesn't mean they manage money better than anyone else, says Michael Stolper, a San Diego-based consultant who evalvates investment firms for individ-

mals.

Exactly how effectively banks invest has long been debated. A recent sindy by CDA Technologies of Silver Springs, Maryland, found that U.S. banks as a group outperformed murnal funds, investment advisers and manance companies during the past three years. But critics maintain that the

CDA results merely reflect the long-term stock rally that has fa-wored the conservative blue-chip

stocks that banks typically prefe es-common in banks from working there.

People who manage mone well are entrepreneurial," he says. "They hate bureaucracies, internal structures and decisions by com-

Gilbert Meem, who tracks the performance of money managers for Dean Witter Reynolds, asks that good mouse to passes often that higher compensation outside the hanking industry.

Companing the performance of

banks' costomical portfolios can be tricky, for private bankers, un-like matual funds, rarely advertise their performance and every po-vate bankers argue that no two portfolios perform slike.

transame several grants posturion strategies, such as growth and in-come or legerative growth, and that within any one category, all portfolios are 15 pendent the tame. Les and income considerations of

ten account for the difference.

Potential engineers, inverse

Outre spart from the performance question, there is the more fundamental question, there is the more fundamental questions of whether in hand over \$500,000 to say stage more manage. In the mercus of specaling risk, Mr. Meers anys that he often recommends has managers for clients with \$100,000 or more to invest.

LTERNATIVES are hard to A come by because none of feet the range of banking services available at a private bank A traditional stone; assume er is an obvious choice for an indi vidual interested solely in pealessional asset manager

Money managers' feet are com-petitive with those of private ankers, and the minimum investments required can be substantial ly below the private hanking level. in most cases, however, the money anagement client will have to go elsewhere for other linancial usvices, possibly getting bogged down with multiple specialists.

Another alternative are the socalled cash managment accounts offered by both banks and brokeages. The Merrill Lynch Cust Management Account, the online try leader requires an investigation try leader, requires an investment of \$20,000, which is put into a securities account. Dividents are or other monies that are not maket funds or depe are also part of the offer

But funds can never be to an individual's need

### **Don't Forget to Ask**

Experts offer these suggestions when evaluating a private bank's portfolio management services:

- When examining portfolio performance, find-out who was the chief investment officer. during the period covered, if the bank or management firm has a new officer, check
- performance records from his last workp 2. Investigate results posted not just in good years but during declining markets. Given the long-term railies, this can mean going back as far as 1981. Be sure the manager respond with changes in asset allocation or spacifi stock holdings.
- 3. How many accounts does your portfolio manager handle? His ability to monitoryour portfolio may be but if he has more train 20 often deals directly with a po-

at home in Britain. the best possible hands.

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will have on Switzerland's private banking sector. As much as 1.5 trillion Swiss francs (\$1 trillion) is being

held or managed by private banking officers in Swit-

zerland, according to industry estimates. An estimated two-thirds of these funds are concentrated in the five

large commercial banks - Union Bank of Switzer-

land, Swiss Bank Corp., Credit Suisse, Swiss Volksbank and Bank Leu. The remainder is spread among 104 foreign-owned banks and 24 specially designated

"This will certainly have an impact," says Rudolf Hugi, deputy director of Chemical Bank Zurich. "It

can be very good in that we'll make it known in the

United States that Switzerland wants to have a clean

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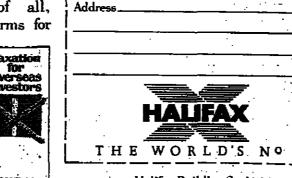
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m industry jargon — was announced at a computer trade show. Then just like week,

Adobe rebounded, taking a 3-point jump in a single session, to \$32.50 a share.

"It's a profitable little company," ob-serves B. Alex Henderson, an analyst at Prodential Bache Securities. "But it's very

nisky because it doesn't move solely on

Mr. Henderson believes the stock could

rebound to \$45 to \$50 per share by the end

of 1987. The company recently reported a 90-percent increase in fiscal second-quar-

ter carnings, while revenue swelled 150

There are already mutterings that the enthusiasm for Aldus is overdone at its current price. Mr. Matson of Harvard

"I knew it would go up significantly," says Mr. Marson, "but it got too pricey in the mid-thirties." Mr. Seybold agrees: "The valuation is rather rich."

The premium on Aldus shares reflects

how the company is cashing in on demand for Pagernaker, which lets users of person-

al computers lay out text and graphics on

Aldis reported that revenue more than quadrupled in the first quarter to \$8.2

million. Followers of the company fore-

cast that it will earn about 75 cents a share

their video display terminals.

offering but took his profits quickly.

ent was a buyer of the initial

transcribed in But seasoned observers of the sector caution that the field is not for faint-hearted investors.

By Cynthia Catterson

HERE never seemed to be any doubt that Aldus Corp.'s debut last month as a public company was going to make a big splash The software company's Pagemaker prod-uct provides a key element in the desk-top publishing technology that turns a personal computer system into a sophisticated printing shop.

"It was a very hot deal, the type of story that got a lot of retail interest," says Robert B. Matson, partner at Harvard Management in Boston. Responding to investor interest, the underwriters had raised the offense was to 200 a cheen from the she offering price to \$20 a share from the solanned \$14 to \$16. But only two hours after opening on June 16, Aldus rocketed to \$35.75. Currently, it is trading at about

"Aldus is the most important player in a very hot marketplace, so it stands to reason that there is a high level of interest inthe stock," says Jonathon Seybold, publisher of The Seybold Report, which covers the computer-sided publishing industry. "But I would never have predicted the closing price. It's extraordinary."

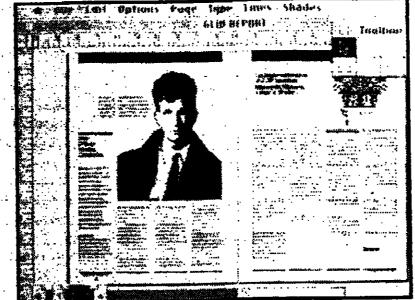
The Aldns offering insures a higher profile for computer-aided publishing and is certain to set off a scramble by investors for other opportunities. But seasoned observers of the technology sector caution that the field is not for faint-hearted investors. While the experts agree that computcr-aided publishing has impressive grow potential, the pace of innovation and intense competition make for nervous trad-.-

ing in these fast-growing companies.

A case in point is another desk-top publishing issue, Adobe Systems, whose in offering a year ago did much to whet investors' appetite's for Akins. "For those who did not play Adobe and missed out, Aldus] was their second chance, "says Mr. Matson.

Adobe, creator of the Postscript software that set the de facto industry stan-dard for linking personal computers with laser printers in desk-top systems, went public last Angust at \$11 a share. After a two-for-one split, the stock leapt to \$56 by

But investors who came in late took a beating. A series of rumors then buffeted Adobe, pulling it as low as \$31, still 24 times projected 1988 earnings. The stock



Here is how a newsletter page looks on a computer using Aldus' Pagemaker.

So far, Pagemaker is the only page-composition product available for both Apple and IBM personal computer operating systems. There are already about 60,000 of the software packages in use.

The attention that Aldus has attracted,

says Mr. Henderson, means that compasays mr. rienderson, means that compa-nies in other segments of the computer-aided publishing field may offer opportu-nity. "There is more to computer-aided publishing than just the desktop systems," he says. Investors should also look into providers of large, sophisticated systems

to big corporations Two companies that Mr. Henderson strongly recommends are Xyvision and Interleaf, which offer high-end and midrange systems respectively. Each company enjoys a leading position as suppliers to corporate publishing departments that produce complex technical manuals and

product catalogs. "These [two] companies have the potential for 50 to 60 percent appreciation in value over the next year," Mr. Henderson says. At \$13 a share, Xyvision is selling at about 16 times estimated 1988 earnings. He estimates that Interleaf will earn about 60 cents a share in 1988, about 27 times its current price of \$16. Given the volatility of these stocks, in-

vestors would be wise to spread their bets, advises Robert Herwick, an analyst with Hambrecht & Quist. "A package of the leading companies — Xyvision, Interleaf, Adobe, and Aldus — would probably be the best strategy," he says.

That strategy would help limit the risks from the inevitable competitive maneuver-

ing ahead.
"As the market becomes more mature,

there is going to be pressure for the smaller firms to quickly adapt to changes in tech-nology and increased competition," cautions Mr. Herwick.

Analysts note that computer-aided publishing is still in its infancy and, for the most part, these smaller companies have had the field to themselves. Competition

from any of the large computer compa-nies, such as IBM and Digital Equipment, with their strong sales and services forces and large research and development budgets, could alter the picture. Xerox and Hewlett Packard already market their own desktop systems.

OWEVER, Mr. Henderson at Prudential-Bache notes that stra-tegic alliances between large and small companies have already emerged. Interleaf, for example, has an arrangement to sell software to IBM, Digital Equip-

ment and Eastman Kodak. Another uncertainty arises from the introduction of far more powerful personal computer systems. These new personal computers could take on the tasks now performed by the Interleaf and Xyvision

Much will depend on how fast the demand for computer-aided publishing grows. Mr. Henderson estimates that the industry will generate \$1.35 billion in revenues in 1987, up 70 percent from 1986. He expects revenues to increase more than 30 percent annually, exceeding \$4 billion by

Figures compiled by Dataquest, a mar-ket research firm, indicate that computeraided systems offer enticing savings to corporations. The typical Fortune 500 company spends \$20 to \$40 million a year on printed materials, which represents 6 to 10 percent of total company costs. Dataquest calculates that computer-aided systems could cut publishing costs by as much as 50 percent and reduce revision and production time by as much as 75

But skeptics, such as Mr. Matson at Harvard Management, remember the rosy forecasts for computer-aided engineering and design systems. A few companies have done well in that field, but it was far from a bonanza for investors. "I look at the [computer-aided publishing] market with caution," he says.

# The Plantation Play

As commodities rise, so do these Malaysian stocks.

By Patrick Smith

Kuala Lionpur, Malaysia HEN world commodity prices are in a shump, as they were until a year ago, no one wants much to do with the rubber and oil-palm estates that blanket vast tracts of this verdant nation. In times like those, Malaysians tend to view plantations as an unfortu-nate legacy of British colonial rule; investors begin to ask how quickly they can be turned into suburban

When prices turn, however, as they have in recent months, it is a different story. The backbone of the Malaysian economy for almost a century, the plantation sector can bring the Kuala Lumpur Stock Exchange back to life with the suddenness of a tropical

Conservatively managed and almost completely debt free — another legacy of the British — the best of the planters can translate gains in the marketplace into bottom-line earnings with unusual efficiency Not surprisingly, the sector has been the focus of the relentless buying — first by foreign fund managers, more recently by locals — that has driven the KLSE's composite index up some 140 pct in the past 12

"If you're investing in Malaysia, you've got to have a weighting in the planters," says Stephen Davies, an analyst at Barclay de Zoete Wedd. "Rightly or wrongly, this market is still perceived as a commod-

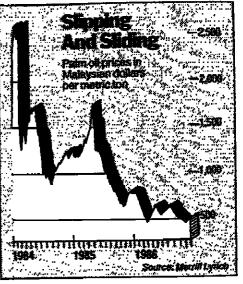
Much has changed among the plantations them-selves since a British botanist first transplanted Brazilian rubber trees here 111 years ago. Oil palms, brought from Africa in 1917, are now the premier plantation crop. A decade ago, planters added cocoa

Highly visible symbols of the old British domination, the plantations became the targets of a massive nationalization scheme launched in the mid-1970s. The resonant names remain - Harrisons and Crosfield, Guthrie, Dunlop Estates, Sime Darby. But only two smaller groups have not changed hands: Rowe Evans, a collection of six separate plantations, and Socfin, a French-Belgian concern

Just as important, Malaysia has struggled mightily over the past three decades to advance beyond the economic legacy of the colonial era. Manufacturing, of little consequence at independence in 1957, now rivals agriculture in economic significance. Both account for about a fifth of national output.

It is the recent revival of rubber and palm oil prices, however, that has driven the stock market forward. The price of rubber smoked sheets of benchmark grade, called RSS1, has risen 36 percent, to 2.45 Malaysian ringgit per kilogram. Palm oil is now fetching 780 ringgit per metric tonne, compared with 440 ringgit last year.

For most leading plantations, both prices are now well above profitability levels. And in spite of traditional uncertainties — the challenge from synthetic rubber, for instance, or from other edible oils -most analysts expect prices to remain firm at least for the



rest of this year. Several weeks ago, the Kuala Lumpur Commodities Exchange forecast a palm oil price of 1,000 ringgit in the medium term.

'You're buying into an earnings recovery," a British broker in Singapore says. "And you're buying solid assets at the same time."

As in the market as a whole, however, foreign investors face the common problem of finding their way into stocks that are in short supply. Familiar with the terrain, some British brokers follow as many as two dozen of the 42 rubber and oil palm stocks listed on the KLSE. Most analysts say, however, that there are only three major planters — Harrisons Malaysian Plantations, Consolidated Plantations and Kuala Lumpur Kepong — that are large and liquid enough to provide for a significant amount

movement among overseas buyers.

Highlands and Lowlands, or Hi and Lo, is the most accessible of the second-tier listings. "But even that is not particularly marketable," says Mr. Davies, of Barclay de Zoete Wedd.

In effect, the supply problem has created a two-tier market. While the exchanges overall price-to-earnings ratio is about 37, Harrisons has an historic P/E of 55, "Cons Plant" (the estate subsidiary of Sime Darby) sells at 45 times earnings and Kuala Lumpur

Despite the lofty prices, foreign analysts continue to tell clients to hold plantation shares in any case, and perhaps buy when they can. Harrisons is renowned for its efficient management and for a healthy mix of rubber, palm oil and processing activities, such as oil refining and rubber processing.
Kuala Lumpur Kepong is favored because it is the

one planter that has aggressively opened new acreage to expand into palm oil, rather than chopping down rubber trees to make way for the new crop. If there is softness anywhere, it is in Cons Plant, which is heavily reliant on palm oil alone. Alone among the three, its prospective P/E is expected to rise.

Given the global inflation outlook, many investors are coming to view the planters as a store-of-value buy as much as a cyclical opportunity.

"The plantations are the first stocks you look at in this market," says Lee Siang Chin, chief executive director of Arab-Malaysian Securities Sdn. Bhd. Where else in the world can you invest directly in

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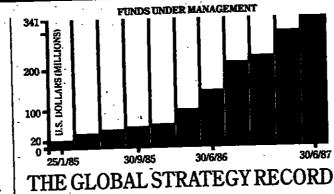
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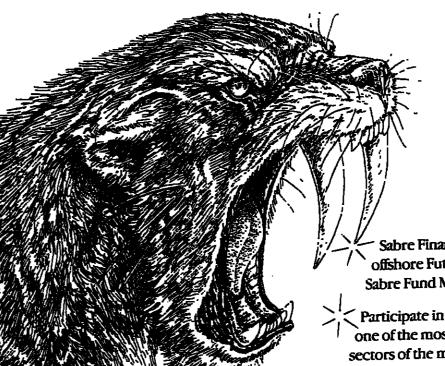
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### BOURSES

# Bought Out, or Sold Out?

Shareholders find it hard to challenge buyout terms.

By John C. Boland

HEN companies say goodbye to public ownership, they do not always leave their stockt-led buyouts and similar transac tions are being faulted as unfair to public shareholders, who may have suffered with a company through years of adversity only to see their shares bought away — sometimes against their will —as the company's forumes begin to improve.

Last summer, Easco Corp., a manufacturer of hand tools and aluminum products, was taken private by a controlling investor group at \$17.50 a share, a transaction that valued stockholder equity at \$138.8 million. Last month, the company's hand-tool unit was brought back to the public market; Easco Hand Tools Inc., representing about one-third of the old company, was priced at \$154

If the remaining aluminum products group could be spun off at the same multiple of operating income, based on estimates in 1986 proxy material, the two units would have a combined value of \$470 million - more than three times what stockholders got a year ago. In October, the controlling family at Foo-darama Supermarkets asked minority share-holders to sell their stock back at about \$20 a

share, approximately the value of its tangible net assets and three times cash flow. After a disputed vote, a shareholder group won a temporary restraining order blocking the deal. A few months ago, the giant CSX Corp. forcibly bought out the last handful of public stockholders of its Baltimore and Ohio Railroad subsidiary at about one-third of book value. Lawsuits challenging the transaction were dismissed. They had charged that the deal was unfair, frauchilent and a breach of the majority holder's fiduciary duty. Several shareholder groups have filed for an outside appraisal of B&O assets under Maryland law.

While companies of all sizes get taken pri-vate — offers have surfaced in recent months for Crazy Eddie Inc. and Revion - investors in small, obscure; companies may be the most vulnerable to unfair treatment. For an individual holding a few hundred shares of a lowpriced stock, the cost of filing suit or seeking appraisal, which is available under most state laws, is often prohibitive.

"The problem is, how do I get a group together and minimize the expense to share-holders?" says Noom Oremland, a vice president with Legg Mason Wood Walker Inc., whose clients held B&O stock and bonds. Companies planning buyouts may move



quickly and seldom volunteer shareholde fists to dissidents.

Nor can investors expect much help from the Securities and Exchange Commi Questions about the fairness of price or terms would be matters of state law, over which the SEC does not have jurisdiction, says Bonnie M. Westbrook, director of the agency's Consumer Affairs Office. "Basically, ission's role is to insure that there has been full disciosure in the prospectus material." Richard E. Baltz, an attorney in the SEC's Office of Tender Offers, said that a prospectus could admit "that the price is sec fair to shareholders, and it would satisfy our

investors who have sought SEC help against forced bayouts report little support. Marc B. Franklin, a broker with Bateman Eichler, Hill Richards Inc., in Palm Desert, California, filed suit against the Foodarama deal and estimates his legal costs at almost \$200,000. "We tried the SEC," he says. "They said they just weren't interested."

Securities lawyers argue, however, transaction can be so unlaw as to co fraud moder the securities acts, even or terms have been fully disclosed. This is to pocate directors, over a fichciary duty to mi-

L Walter Beder, a White Plans, New York. I Walton Bader, a White Plants, New York, specialist in securities litigation, represents a number of the larger holders of B&O accurities. He some that bryers and sellers can have very different ideas about the value of a particular company. CSY untially put the value of the B&O common stock at \$1 15 a plant, or one-third of the setted book value of \$340. Subsequently, the economy raised the payment to \$124.

ETTHER figure represents funch more than half the price at which B&O graded in the construction the price in anticipation of a buyout at close to hook value. When the terms were sunpraced, B&C's 4 1/2 percent bonds of 2010, such convertible into 10 common alarm, plunged

convertible into 10 common alterni, phinged \$520 in our chap to \$1,000. They have make below \$1,200.

After Backer argues that the \$150 in more more than attend book splits, not less. The company owns as whole slow of latterni, made, 25 to 36 of them, carried at historical cost from the 1850s, 1870s, 1890s, less deput

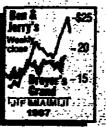
ciation," he said.

An opinion, provided by Morgan Stanley & Co. found a price of one-third of book value to be fair. But Mr. Bader said that more militards traded in the market at about full book value, including the lide?'s owner, CSK.

"Anybody can buy a faisance opinion," mysome Bao holder who had done valuement work and who had done valuement. You tell me which aide we're representation, and we

tell us which aids we're represented would give you a sindy either way. O 1987 The New York Theat

### Ice Cream: The Scoop



With the peak ice investors are looking for profits in America's appetite for the frozen dessert. And, in fact, the stocks of 1940 SMall companies have been psing with the temperatu Steve's Home-

made Ice Cream Inc., which markets flavors with such names as Monster Cookies, has nisen to \$3.75 from \$2.15 at a year end. The company, whose stock trades over-ther, carned \$271,000 last year on sales of

Ben & Jerry's Homemade inc., also traded ever the counter, has moved up to about \$24 a share from \$14 in the dead of winter. The company, which distributes Mint Oreo, Dantardly Mash and other flavors in 35 states,

recently announced that first quarter earnings had risen fivefold, to \$239,000, while sales climbed 58 percent, to \$5.6 million.

TRAT

Dreyer's Grand Ice Cream has not fasted so well. Largely unknown in the East, Dreyer's is very popular on the West Coast, where it is also the distributor for Ben & Jerry's Drein's another over-the-counter stock, a property of allows \$20 a share from \$15 at a yearand, but it is well below the \$32.5 it hat hat

Dieses a management attributes the poor showing to higher sugar and milk prices and to looks associated with the acquisition of distribution operations. Still, Stanley Lauret. an analyst at Drexel, who follows Dreyer's, calls it "an executent company." The key is their distribution system." Ide.

id. The route salesmen visit the stones, put the pints on the freezer shelves and citan up the case. It means the customes always gets a good choice."

### **PROFILE**

# Riding the **Elliott Wave**

Continued from page 7

number one market timer," says Mark Hul-bert, who tracks the performance of about 100 newsletters in his Washington-based Hulbert Financial Digest.

Mr. Prechter, 38, is quick to play down his own celebrity. Instead, he credits Ralph N. Elliott, an accountant who first devised his wave theory in the late 1930's after losing money in the market crash of 1929. It is one of a number of theories that hold that the markets move in predictable cycles.

"He deserves worldwide recognition," Mr. Prechter says, "Elliott was 50 years ahead of Mr. Prechter, who majored in psychology at

Yale University and went on to a career as drummer in a rock band, came across Elliott's theory by chance in the early 1970's when it was mentioned in a comple of market letters. By then, it had been rejected by most market experts.

There was little material available about the

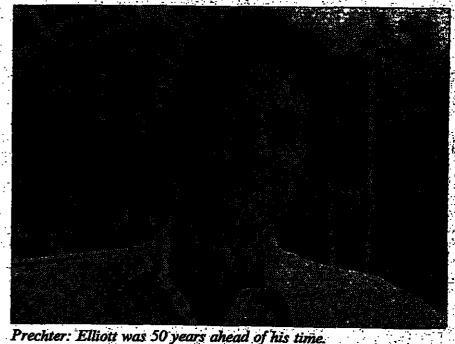
theory, and Elliott had died in 1948. But eventually, Mr. Prechter tracked down El-liott's original works at the New York Public Library, and has been a disciple ever since. "I didn't begin with any preconceived ideas of Elliott," he says. "I applied the theory to the market and the realities convinced me." Like most technical analysis, Elliott's sys-

tem ignores the fundamentals of corporate balance sheets and income stateme stead, the stock market is seen as a sentiment indicator that moves up or down with the prevailing optimism or pessimism of inves-

The stock market just records this behavior," says Mr. Prechter, who refined his own market skills as a technical analyst for Merrill Lynch before launching his newsletter in

More importantly, these mood shifts, or waves, recur in predictable patterns, according to the theory. Based on observations, Elliott said that he found that a bull market moves in five waves - up, down, up, down, and then up again at the end. Within each wave are similar sequences of

smaller waves, reflecting more subtle shifts in investor psychology. In theory, therefore, Elliott's five waves can be applied to a single trading day, though Mr. Prechter acknowledges that the system is more accurate for longer term forecasting.



To identify the waves, Mr. Prechter uses about 50 indicators such as price changes, trading volume and short sales which are used by most technical analysts in forecasting the market. He also points out that each wave has a distinct personality.

For example, negative sentiment is com-mon in the second wave because investors are always expecting a correction after the first wave. The fifth, or final wave, is marked by a strong bull market, but the emphoria eventu-ally carries prices beyond reasonable levels, setting the stage for a prolonged correction. Mr. Prechter's short-term outlook for the market remains extremely favorable. After some choppy trading over most of the summer, he believes there will be a significant rally toward the end of August that will be marked by a "violent, upside acceleration" in prices. "There's still a thousand points left in

this market," he says.

As for bonds, Mr. Prechter believes the market reached its high in April 1986. But he does not rule out another rally, possibly to-ward the end of the year. But for precious metals he remains very bearish. "The risk is tremendous," he contin

The outlook for stocks will not stay so upbeat, however. Looking shead, Mr. Preciner invokes three movements: Elliot's 200-year-old "grand super cycle," the "super cycle," which began in 1932, and the corrent. cycle, dating back to August 1982. He says the market is in the final wave.

Indeed, he is convinced the Dow will reach 3,700 by the end of 1988. That he says, will

### SCIENCE

IN THE IHT EVERY THURSDAY. A FULL PAGE ON RECENT DISCOVERIES IN SCIENCE AND MEDICINE

mark the end of the last wave, however, and the market will enter a sustained bearish cycle that he says will be more devasting than the T. prolonged slump between 1929 and 1932.

Such gloom-and-doom scenarios—and his

conviction that all of mankind's progress moves in similarly predictable waves usually draw a lot of criticism. And some wonder whether he is more adept at leading rather than reading the market. For example, some professional traders believe that last high stock market slide was precipitated by Mr. Precitier's bearish opinion, an accusation that

precister's beauth opinion, an accusance make webeneatily denies.

It's pure hogwash, says Mr. Prichter, who reckons only 15 percent of his readers follow his advice systematically.

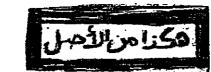
Moreover, a number of academics have ressed questions about the reliability of self-mired forecasting in property larger R. Ramsey. raised questions about the reliability of technical forecasting in general James R. Ranasy,
a professor of economics at New York University who has studied technical approaches
to the market, says there are too many and
ables affecting securities prices for any system
to be foolproof. Although he acknowledges he
has not studied the Elliott wave principle, he
believes Mr. Preciner's success has more to do
with luck their with theory. with inck then with theory.

When you have so many people playing poulette, there's always a probability that someone will win," says Mr. Ramsey. "Some just have a longer string of success than others." As soon as he starts making mistakes. copie will find someone else to follow.

Mr. Prociner has made mistakes. Mr. Hol.

hear's data shows that he had a lack! performance in the early 1980s, and that he has been decidedly less reliable in forecastion the bond and gold markets. Last year, inse tors who followed his advice remain sidelines during most of the sustained rally in

Mr. Prechter is the first to admit that he is not infallible. "All Elliott can do for its \$ order the probabilities, he says. The input is not known to us." But he bridles at support tions that the principle is wrong. The hold. challenge to a theory, he argues is a pension.



## COLLECTING

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## \*Zowie! The Craze For Comics

By Alice Oshins

New York ITH Impressionist and Old Master paintings going in the hundreds of millions of dollars and more, it didn't seem like such a big deal. Still, when Christie's in New York auctioned off two comic book covers with the popular Disney characters Donald Duck and Daisy for \$1,100 last month, it confirmed anew the craze for comic books.

The likes of Spider-Man and the Fantastic

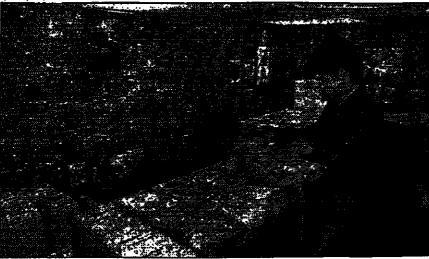
Four, once consigned to dusty attics, or worse, iossed on the trash heap, are finding their ways into the hands of a growing band of collectors. "Few of the comic book items range in the thousands, but there are many in the hundreds of dollars," acknowledges Dana Hawkes of Sotheby's. In 1984, four pieces of the original Superman comic were anctioned at Sotheby's for \$800.

"What makes this whole market tick is mostalgia," explains Robert M. Overstreet, whose Overstreet Comic Book Price Guide serves as a barometer of the market. "People want to have what they read as a kid and enjoyed so much. Those characters were our

Back in 1960, when Mr. Overstreet began publishing the guide, he could count no more than 300 collectors. He estimates that the namber has grown to 400,000, about four times his publication's circulation. "The market is getting more and more valuable," he says. "People can definitely make money in this market."

Don Thompson, publisher of the weekly Comic Book Buyers Guide, based in Iola, Wisconsin, calls it "a clear case of supply and

But, as with all collectibles, some items are in more demand than others. The so-called Golden Age comic books, the blue chips of the industry, are appreciating at annual rates of 10 to 30 percent. Golden Age refers to the early years of comic books between 1938 and



Browsing at Manhattan's Forbidden Planet store.

the early 1950's when the most popular char-

A copy of the first issue of Action Comics, for instance, with the first appearance of Superman, commands \$25,000 in mint condition, a 17 percent increase from 1986 prices. "Everyone loves Superman," says Ms.

Hawkes of Sotheby's.

Few of the Golden Age comic books, however, survived the trash bin, the wartime paper shortage, and with inferior quality ink and

paper, the daily wear and tear.
Silver Age comic books, published in the early 1960's, also carry a sizable pricetag. The comics are known to portray superheros with a more emotional, human side. Titles such as "The Amazing Spider-Man" fetch as much as \$900, and the first issue in the "Fantastic Four" series commands up to \$1,250.

While the number in a series is crucial, it is not the only factor determining a comic's

One of the complexities collectors soon discover is that not all stories are continuous and start with number one. For instance, "Captain America" began in early 1960's but was numbered 100 because it traced its first issue back to 1940's comic books where the

character originally appeared.

The story line is another factor. Prices are higher for issues that chronicle a turning point in a popular character's lifetime. The issue in which Batman and Superman discover each other's true identities sells for \$350, twice the price of the issues preceding it.

The quality of the artwork is equally important. Collectors cherish these colorful, ammated illustrations, and their artists can amass a large following. "Comic book art traces back to cave painting and Egyptian hicroglyphics, and are part in the universal idea of drawing to convey narrative," says John Carlin, who organized "The Comic Art Show" in 1983 at the Whitney Museum of Art in New York.

The interest in comics is far from a purely American phenomenon. Japanese comics, fat paperback books the size telephone directories called manga, comprise a billion-dollar industry. The French bandes déssinées often in hardcover take a more serious tone.

But "it's American comic books that are collectible," says Rob Hingley, general buyer for Forbidden Planet, which has stores in both New York and London. American comics tend to sell abroad at only half their U.S. price. Still, says Paul Hudson, owner of a London store, Comic Showcase, "People get more excited by American comics. Trends that start in America don't take long to get

Most collectibles fall vulnerable to fraud, and comic books are no exception. Color comic books, however, are difficult to comterfeit because of the color printing process. But the less common black-and-white comics are easily replicated. One case was the the counterfeiting of the first issue of "Eerie" comics in 1965.

# **Tough Quarter** For U.S. Funds

By Vartanig G. Vartan

FTER a strong first quarter, U.S. mutual funds generally disappointed investors in the second three months of the year.

Funds that invest in non-U.S. stocks and in natural resource shares were the only two sectors that managed to outperform the popular indexes. Gold funds tumbled from favor, Small-company growth funds and funds that invest in utility stocks also lost

Bond funds fell particularly hard as interest rates escalated in April and May and the value of

the dollar plummeted.

Of the 1,247 funds of all types tracked by Lipper Analytical Services, which monitors the fund industry, a total of 549, or 44 per-cent, in the second quarter showed negative returns. In the first quarter, only 10 out of 1,155 funds posted negative returns.

Two months of a dismal bond

market led individual investors to drive income and municipal bond net sales into negative numbers with massive redemptions and exchanges," said Claudia E. Mott. who analyzes mutual fund money flows for Prudential-Bache Securi-

Using data compiled by the Investment Company Institute, she said that bond funds of all types suffered a net overflow of \$29.9 billion in redemptions and exchanges between funds in April and May. In the same period, equity mutual funds enjoyed net new sales - gross sales minus redemptions — of \$6.4 billion.

By contrast, the year's opening quarter produced net sales of \$13.2 billion for stock funds and \$34.7 billion for bond funds. Last year, bond funds attracted 80.1 percent, or \$115.6 billion, of the net money flowing into mutual

Despite the flow of money into equity mutual funds in April and May, a choppy stock market in-hibited their performance. On average, equity mutual funds rcent in the latest three months.

The Dow Jones industrial average

Top Ten Based on total return in second quarter, assuming reinvestment of capital cains and dividends

Dreyfus Strat. Agg.	+42.51%
Sherman, Dean Fund	+31.94
DFA United Kingdom	+22.29
DFA Japan Small Co.	+21.85
GT Japan Growth	+20.23
Nomura Pacific Basin	+18.98
Equity Strategies	+18.87
Fidelity Sel. Energy	+18.32
Newport Far East	+18.14
Templeton Foreign	+13.70

had a return of 5.76 percent for the period, while Standard & Poor's 500-stock average returned 5.02

Source:Lipper Analytical Service:

percent By contrast, between January and March the average general equity fund rose by 19.22 percent. In that period, the total return was 22.51 percent on the Dow and 21.35 percent on the S&P Index.

In the second quarter of 1987, international funds ranked as the best performing group. These funds, buoyed by the weakness of the dollar, showed an average gain of 7.79 percent.

In fact, international funds dominated the winner's circle for the five years ended June 30, 1987, a period when the S.&P. 500 gained 242.46 percent. The top performer was Merrill Lynch Pacific, which invests primarily in Japan. It was ahead 485.97 per-

Natural resource funds, benefitting from the rise in crude oil prices, rose 5.79 percent as the second-best sector of funds in the latest quarter. But the gold-oriented funds produced a negative re-turn of 2.10 percent, after sweeping ahead 49.40 percent in the first quarter, when it was the best-performing sector.

The top performer in the quar-ter, Dreyfus Strategic Aggressive Investing, gained 42.51 percent as showed a total return of only 1.93

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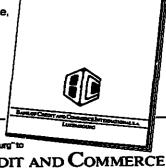
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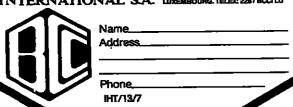
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### STRATEGY

### Market Scoreboard

Stocks on the New York, London and Tokyo exchanges that showed the largest percentage gains and losses in June.

Per	cent Gain	Price June 30		Percent Loss	Price June 30
New York Stock Excha					
Complied by Media General Finan	olai Sei	vices. Prices	in dollers		
Reichhold Chemicals	68	60.75	AGS Computers	21	16.75
First Cities Industries  WT Group Inc.  Diamond Bathurst	65	13.38	Burger King	21	15,88
IWT Group Inc.	. <b>56</b>	55.13	Altied Products	19	26,63
Diamond Bathurst	56	25.00	Lamaur Inc.	19	- 12.63
			Computer Task Group	18	13.13
Keystone Consol, ind. ACCO World	41	28:50	PACO Pharmaceutical	17	16.88
Kidde Inc.	40_	48.25	- Essex Chemical	17	25.25
Pier 1 Imports Inc.	35	21.63	Applied Magnetics	16	30.13
Valhi Inc.	~33	28:50 48:25 21:63	Armada	16	10.50
Advanced Systs Inc.	32	25.00	Computervision	. 16	15.00
American Stock Excha	ingë:				
Clark Consolidated	55	17.25	AT&E	26	16.00
Adams-Russell Inc.	48	37.00	Univ. Comm. Systems	23	10.13
Alpha Industries	48	10.00	MacGregor Sporting	21	10.63
Aipha incusules Transonic	45	20.50	Amer Israeli Paper	18	22.75
Alpine Group Inc.	44	19,38	NECO Enterprises	15	21.00
Over the Counter:		, 1 s 7 d			
	107	14.50	Wevenberg Shoe Mig.	- 51	45.00
IVACO Industries	51	12.63	Sci-Med Life System	. 44	
AIM Telephone Inc.	49	36.88	Maxior	40	19.25
Argosystems inc.	46	38.13	Tech Data	3Ŏ	11.13
Business Men's Assur. Champ. Parts Rebidrs.	40	10.88	Digital Commun Assn.	29	32.50
London Stock Exchan Compiled by Morgan Stanley Car	pital int	ernational Pr	ices in pence.		
Rothmans International	40	364	Amstrad	23	
Rothmans International Kwik Save Discount	30	408	British Aerospace	• 11	520
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### Warrants: **Bargains** Abound

HE TALK OF THE Euromarkets in recent weeks has been the glut of Japanese corporate bonds issued with warrants for common stock. While underwriters bemoan the influx of new issues, investors who are still positive about Japanese stocks have been finding bargains in the secondary market.

Typically, these equity-linked bonds carry lower coupons than conventional hands and the warrants, which are often traded separately from the bonds, are priced um over the current stock price on conversion. But the \$10 billion of new offerings since the first of the year has driven up bond yields and shed down the prices of the existing warrants of many big-name Japanese issuers to bargain levels.

"There are some fantastic values," says Si Lay Kee, who manages a Japanese warrant fund for Gartmore Unit Trust Managers in London. Funds are about the only way that individuals can play this professional, over-the-counter narket. A diversified fund portfolio also helps reduce the risks of these extremely volatile instru-

A good example, he says, are warrants of Dainippon Ink & hemicals, which were trading late last week at the equivalent of a l percent discount to the value of the underlying common stock. By some estimates, Dainippon Ink, which is currently bidding for con-trol of Reichhold Chemicals of the United States, has about 30 percent of the world industrial ink

into 1,537 shares at 503 yen each. The stock was trading late last week at about 760 yen, with the warrant quoted at about \$2,500. Adding to the warrants' allure is the distant expiration date of Au-

William McBride



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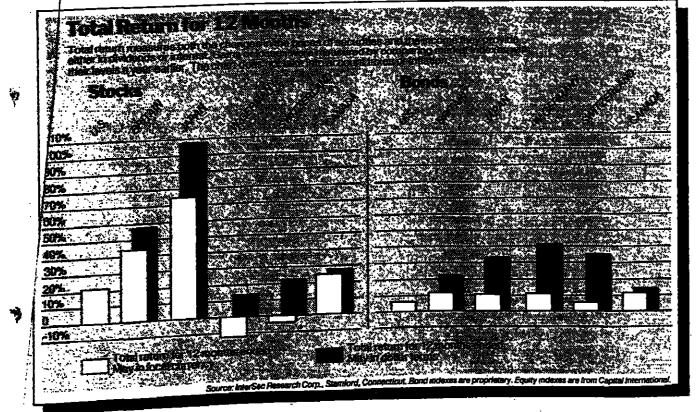
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### **U.S. Tax Status Confusion** Leaves Markets Unmoved

By CARL GEWIRTZ International Herald Pribute.

ARIS — The imbroglio over the tax status of U.S. corporate Eurobonds issued prior to mid-1984, which the Treasury late last week finally sought to resolve, did not spill over into the foreign exchange market or the current bond market during the week.

The dollar itself remained on the upswing. Initially fueled by massive central bank intervention at the end of the first quarter, it is now on a roll of its own that has taken it back to the highs seen

Brendan Brown, economist at County NatWest, cites two factors for the continuing rise: the bursting of the speculative

bubble in the Japanese stock and bond markets, which he says has made Japanese investors see greater advantage in higher yielding U.S. bonds; and the rise in oil prices as tensions build in the Gulf, which is taking a toll on the oil-vulnerable yen. How sustainable the dollar

Dollar's strength permitted reopening of the straight Eurodollar bond

is at current levels is an open question. The U.S. trade representative, Clayton K. Yeutter, said last week that U.S. exports are competitively priced at a dollaryen rate of around 150. But many analysts expect the real test will come in late fall, by which time it will become apparent whether domestic demand in Japan and West Germany is rising sufficiently to reduce trade frictions.

Analysts anticipate an immediate improvement in the U.S. merchandise trade deficit after news from Tokyo that its surplus is declining. But the trade news is not giving a clear signal whether the improvement is permanent.

For example, June exports of vehicles to the United States fell 17.8 percent, to \$2 billion. Is this simply a pause, as U.S. auto inventories pile up, or is it the beginning of a shift of Japanese auto production to plants in the United States?

Whatever the reason, the immediate impact of the reduced auto exports will be positive, enabling the United States to report a continued decline in the size of its trade deficit, and that will certainly further buoy the dollar.

OMEWHAT CURIOUSLY, the dollar's strength has not had its usual echo on the U.S. government market. Bankers in Tokyo suggest this is because their investors are focusing less on the Treasury bond market and more on higher yielding paper, including issues of government agencies and long-term electric utility bonds.

That's really not significant. What matters is that the Japanese are continuing to buy dollar-denominated securities, apparently using yen rather than borrowed dollars, and thus boosting the dollar's exchange rate.

The dollar's good performance on the exchange market permitted a reopening of the straight Eurodollar bond sector. There had been no issues a week earlier, after the uproar over the U.S. abrogation of its tax treaty with the Netherlands Antilles. In the previous three weeks, only \$575 million worth of Eurodollar bonds had been floated.

Last week, five issues totaling \$730 million were offered, including three from U.S. issuers. The other two were the Council of Europe Resettlement Fund and Caisse Centrale Desjardins du Ouébec, both seven-year ismes, a maturity not in much favor

The U.S. issuers were led off by General Motors Acceptance Corp., which was the the third largest corporate issuer of Eurobonds in 1985 and the second largest in 1986. It amnounced that it vould not use the opportunity created by the Treasury's dispute with the Netherlands Antilles to call any of its 16 outstanding Eurobonds, totaling around \$2.1 billion, that could be affected.

In fact, not all those bonds could have been redeemed prematurely. The language in some of the documents was sufficiently strong to prohibit the early call since the Treasury had said early in a number of issues, the wording was vague enough to have permitted redemption.

GMAC's announcement was received well by market participants, as were the terms on its new \$200 million issue, priced to yield 65 basis points, or hundredths of a percentage point, over the yield on comparably dated U.S. Treasury paper. Investors also currently prefer short-dated paper like the three-year maturity offered by GMAC.

Last week's other two U.S. issuers have no outstanding pre-1984 bonds. American Brands, a single-A-rated credit, paid 98 basis points over the Treasury curve for \$150 million of five-year bonds, while Franklin Savings Association tapped the two-year sector for \$250 million.

Some issuer had indicated an intention to exploit the opportunity to call Eurobonds. What happens now following the U.S.

See EUROBONDS, Page 15

### **Currency Rates**

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Sources: Indosnez Bank (Brussels); Banes Commerciale Hallon te Ports (Paris); Bonk of Tokyo (Tokyo); IMF (SDR); BAII (di

### ast Week's Markets All figures are as of close of trading Friday

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		July 3 Chine	Cetted States July 30 July 3
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DJ Indus.	2,455.99	205.09 + 0.62 %	Federal funds rate 67/16 6 13/16
DJ Uffit.	206.36	1,030,43 + 0.50 %	Prime rate 84 84
DJ Trons.	1,035.56	300.61 +0.68%	]cpoi
5 & P 100	302.65	30543 + 0.90 %	Discount 2½ 2½
S & P 500	308.38	355.04 + 1.35 %	Call money 33/16 35/16
5 & P Ind	197.52	171.83 + 1.01 %	3-month Interbank 39/14 3%
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World			London p.m. fix.\$ 444.75 444.10 + 0.15 1
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From a John Deere tractor in 1963, left, to an International Harvester in 1984, U.S. farm equipment companies long led the field. But now, Deere is in financial trouble, Harvester is no more, and most farm equipment sold in the United States is made in Japan or Europe.

### U.S. Farm-Machinery Industry: Bad to Worse

By Mark Ports

Washington Post Service
WASHINGTON — International Harvester Co. has gotten out of the business and changed its name. Massey-Ferguson Inc. has retreached and restructured. New Holland was taken over by Ford Motor Co. Deere & Co. suffered a long strike last year. Allis-Chalmers Corp. filed for Chapter 11 protec-

In the U.S. farm equipment industry, things have gone from bad to worse.

Makers of tractors, combines and other farm machinery are in the eighth year of a decline that has cut sales by more than half and eliminated many major players. And with weak crop prices and the economic re-

glacial pace, industry officials and analysts were sold in the United States, with a total say there is little hope in sight.

"We seem to be still looking for the bottom," said Robert Moglia, president of Ford-

New Holland.

The sharp drop in sales has triggered a classic industry shakeout, with some companies leaving the business and others joining forces. And while the image of a farmer working his field atop a tractor is a quintessentially American one, what is left of the farm equipment industry has largely moved abroad: about 85 percent of the farm machinery sold in the United States is made in Japan

or Europe, up from 50 percent a decade ago.

The tractor-makers' nightmare began in 1979. Statistically, that was the best year the industry ever had: More than 300,000 traccovery of the farm industry moving at a tors, combines and other pieces of equipment

retail value of about \$12 billion.

By year's end, interest rates had started a climb that pushed the cost of borrowing money into double digits. With low crop prices and declining grain exports, the rates put a sharp squeeze on farmers. Scrambling to reduce costs, farmers cut down on the one true extravagance many of them allowed them-selves: the purchase of fancy new equipment

every year or two. Farmers kept tractors longer, repaired them and all but stopped buying new equip-ment. The steady slide in sales reduced the number of units sold to 146,000 by last year, only \$4.5 billion at retail.

Hardest hit was the high end of the market: See TRACTORS, Page 17

# **Argentina Plans Austerity to Win New IMF Loans**

Compiled by Our Staff From Dispar **BUENOS AIRES** — Argentina plans a drastic austerity program as part of a proposed agreement with the International Monetary Fund that would give it \$1.4 billion in new standby credits, according to the government

The draft agreement became possible after further progress was made toward the arrangement of new loans from Argentina's 360 creditor banks.

According to the text of the ac-cord published Saturday by the government, the austerity plan calls for increased tax revenues, higher prices for public services, higher interest rates and the elimination of import duties on a variety of goods.

On Friday, the IMF had approved a \$650 million loan to Argentina as compensation for "a drop in exports.

It gave that approval after Ar-gentina's committee of creditor banks announced that it had made "substantial further progress" in arranging a new loan package of \$1.95 billion.

William R. Rhodes, a Citicorp executive and chairman of the Bank Working Committee for Argentina, and Mario Brodersohn, Argentina's treasury secretary, told the IMF that the agreement had received one of the fastest responses from banks to any package nego-

### Brazil Prices Up By 26% in June

RIO DE JANEIRO - Consumer prices rose a monthly record 26.06 percent in Brazil in June, bringing the year-on-year inflation rate to 283.04 percent, according to official figures.

The June increase, reported Friday by the government sta-tistics institute, outstripped May's 23,21 percent gain.

Prices have soared following the collapse of the "Cruzado" anti-inflation plan, which included a freeze on most prices. In mid-June, the government introduced a 90-day wage and price freeze.

tiated since the debt crisis began in August 1982.

On June 25, the committee announced it had received 96 percent of the commitment, or \$1.84 billion, for the \$1.95 billion package. The committee did not detail the further progress, but a spokesman for Citicorp said it could be as-sumed that the level had not

reached 100 percent. The IMF's managing director.

See AUSTERE, Page 15

### White House Stymied on Bank Efforts

New York Times Service

WASHINGTON - When U.S. ssional conferees voted re- the banking industry. cently to ban limited-service banks,

Congress has asserted its will in some overarching concept of what the most wide-ranging piece of should be done. We don't want the banking legislation since 1980, when it deregulated interest rates on deposits. The Democratic-con-

If the conference report becomes the administration was dealt the law, it will likely delay further de-biggest and most decisive setback regulation of the financial system such planning over legislation that for years to come.

Lobbyists say they are surprised at thrift regulators. Further, the co The headlong descent into ideo-

Although a veto is a real threat, logical and haphazard deregulation approval of the bill July I was a serious blow to an administration already mired in the Iran-contra carned," said Representative it would shut down one of the Treabler it wo

Concern at the White House of court and regulatory moves that

Congress for at least a week. The legislation would do several nonbank banks. This device let amount be dropped to \$8.5 billion, commercial companies enter the arguing that Congress could authobanking business

The bill also baits several years

trolled Congress has been pushing over the measure is evident. Top have allowed banks to enter new firmly for a kind of re-regulation of administration aides planned to areas of securities underwriting. meet Monday at the White House And it places severe restrictions on to discuss a veto recommendation. the disciplinary activities of federal

Further, the conferees pared the White House's plan to rescue the depleted Federal Savings & Loan Insurance Corp. The administra-

rize greater lending authority later,

See BANKS, Page 17

### Banks Will Let Bolivia Buy Back \$1 Billion in Debt at Bargain Rate

SAN FRANCISCO - Bolivia and its creditor banks have signed an innovative agreement that allows the country to buy back its \$1 billion of foreign bank debt at a fraction of the loans' face value.

The pact is an amendment to a 1981 debt restructuring agreement. It gives Bolivia four months to offer to purchase some or all of its debt

loans. If the banks reject the offer, Bolivia can raise it. The agreement, signed Friday in New York, is believed to be the first of its kind in Latin America. Bolivia owes \$600 million in principal and \$400 million in interest to about 125 banks.

in a kind of auction in which the country can offer any price for its

Luis Paz, an official in Bolivia's consulate in New York who was one of those involved in the debt talks, said: "Maybe we can buy our debt for \$60 million. It is better [for the creditors] to have \$60 million

Donald Crowley, an analyst at Keefe, Bruyette & Woods Inc. in San Francisco, said the plan "breaks new ground" but could be done more easily with debt the size of Bolivia's than with a larger debtor.

### U.S. Treasury to Retain Price Rise Part of Antilles Treaty

By Peter T. Kilborn New York Times Service

to quell an unexpected uproar in for tax policy. "But we had to back the Eurobond markets, the Treasury Department has retreated Eurobond market." from part of its decision to cancel prevent companies from redeeming their bonds.

The treaties have made the isporations that sell bonds in international markets.

The Treasury revised a June 29 decision to cancel the treaty out- celed. right, effective at the end of the

Instead, it said late Friday, it will grandfather," or retain, provisions xempting the mostly mail-drop U.S. companies situated in the is-lands from 30 percent tax withholding on bonds issued before July 1984, when Congress ended interest withholding.

Other provisions of the treaty that allowed investors in other countries to avoid U.S. taxes, and that American investors also were able to take advantage of, will be dropped.

In the spirit of the tax overhaul that Congress enacted last year, the Treasury's tax officials sought to terminate the treaties to eliminate the opportunities for avoidance of

trade in the Lebanese pound halted

currency's dollar value, dealers

did not know how long the halt in

The currency fell more than 14

pounds against the dollar Friday,

in chaotic but thin trading, to close

at a record low of 184 pounds to the

dollar. Free market dealers, work-

ing by telephone and walkie talkie,

said they continued quiet trading Saturday in the 180-190 range.

fears, war and the economic crisis,

has lost 55 percent of its dollar

The pound, battered by political

Sources from SOFL said official

foreign exchange trade was

stopped because it was not possible

trading would last.

"We took a total broadside at this two weeks ago," said Roger WASHINGTON - In an effort Mentz, assistant Treasury secretary up because of the turmoil in the

Chaos empted in the foreign Eutax treaties with the Netherlands robond markets nearly two weeks Antilles and Aruba by acting to ago when the Treasury said it would cancel the treaty entirely. A few companies that had sold

The treaties have made the is-lands popular havens for U.S. cor-or more said they would redeem the bonds and save themselves the high in a report released over the week-interest costs, as they were permitted to do if the treaties were can-

tions, prices of the bonds, account- co, North Dakota, Oklahoma, ing for \$32 billion of a Eurobond market of \$650 billion, plunged.

Treasury said on July 2 that it Oklahoma and Texas, the survey would ask Congress to "grandfa-ther" the withholding provision.

Oklahoma and Texas, the survey said. This compares with 26 failures in the first quarter last year

However, a Treasury official said and 145 in all of 1986. that the markets doubted that Congress would move fast enough and that many more companies would decide to redeem their bonds.

By retaining the section of the treaty applying to withholding, the quoting Dan & Bradstreet Inc. Treasury expects to prevent the re-

Payment of interest, free of the withholding tax, continues," the of-ficial said, "and this prevents com-panies from calling their bonds."

third of foreign exchange dealings.

Banking sources said the trading

SHETTER U.S.A./O.T.C. OFFICTATIONS

Alan Jones Pit Stop

GoodWark Foods

MAG Holdings

Bitter Corp.

Chiron

NAV-AIR

Spectrodyne

21/4

25%

151/2

4%

44%

41/4

Lebanese Pound Falls 7.7%;

record fall of 7.7 percent in the bank, normally handles about one-

La Société Financière du Liban, halt may have been related to a or SOFL, the chief interbank for- judicial enquiry into SOFL and

Official Trading Is Halted

eign exchange broker, did not open central bank actions.
Saturday. SOFL sources said they

# Doesn't Help U.S. Oil States

NEW YORK - American oilproducing states suffered from weak economies in the first quarter of 1987 despite a trend toward rising oil prices, the American Petro-leum Institute has reported.

Bank and business failures in these states were up from the first quarter of 1986, while state revenues were down, the institute said

The survey studied the economies of Alaska, California, Colora-In anticipation of the redemp- do, Kansas, Louisiana, New Mexi-Texas and Wyoming.

In the first quarter, 54 banks To reassure the markets, the failed in these states, 28 of them in

Business failures in Texas, Oklahoma, Louisiana and Arkansas, a nonoil state, accounted for 22 percent of total U.S. business failures during the quarter, the survey said.

State tax receipts for 1986 showed seven oil states among the 10 states with the biggest declines in tax revenues.

January and February 1986. Only four of the 10 states saw increases in unemployment in March, how- fit Japan and West Germany, ever, compared to March 1986. Other indicators used in the sur-

vey included drilling rig counts, well completions and output rates.

The institute said the "ripple effects" of the downturn in the U.S. BEIRUT — Official interbank significant buyers of the pound ade in the Lebanese pound halted SOFL, owned by 44 private oil industry were having an impact on national economic indicators as over the weekend after a one-day banks but linked to the central

# Conable Warns of 'Deep Recession'

By John M. Berry WASHINGTON -- The World Bank president, Barber B. Conable Jr., has warned that the world stands on "the brink of a deep recession" as economic growth fal-

nations alike. In a speech Friday in Geneva to the United Nations Conference on Trade and Development, Mr. Con-able said the world economy had reacheri a "crucial juncture."

In a speech whose text was made available in Washington, he told the UNCTAD delegates that now, by decision or by default, the nations represented here will set a course either toward renewed global growth or toward stagnation and eventual recession. Those are the

A combination of forces has brought the world economy to its precatious state, with particularly devastating results for developing countries, Mr. Conable said.

"Stuttering growth, volatile cur-rencies, high real interest rates, heavy debt loads, depressed commodity prices, rising trade barriers and outsize payments imbalances have acted in destructive combination not just to slow earlier rates of advance, but actually to erode many previous gains by developing societies," he said.

Mr. Conable said the industrial ized countries that most needed to states was up in in the first two stimulate their economies were months of 1987 from the rates in those in Europe and Asia with large those in Europe and Asia with large trade surpluses. He mentioned no names, but the description would among others.

He also urged that the United States pursue "progressive budget-deficit reductions." And he also said "powerful" countries should stabilize the foreign exchange values of their currencies. A return to faster growth would

(Reuters, UPI) require several difficult actions, in-

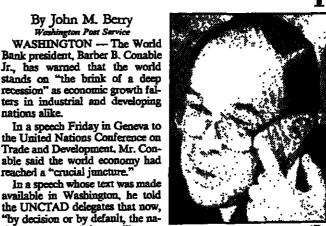
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Barber B. Conable Jr.

chiding "further adjustment by developing nations" to make their es more efficient by opening them to competition, Mr. Conable said.

"But above all, it requires action by industrialized country governments," he said. "Actions on adare vital steps which are needed to ritania. strengthen their own economies and those of the rest of the world.

Such actions are complemencontribute fully to the resumption currency, the naira.

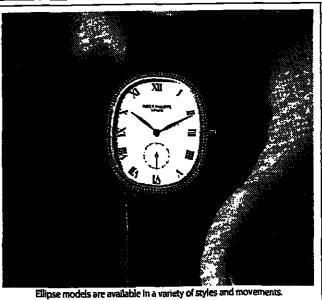
of growth in the developing world without concomitant increases in the net external resources available to developing countries, particularly the most heavily indebted and poorest among them."

These "net external resources" are what a developing country has left after adding up its earnings from trade and foreign investments, new private investment by foreigners, and loans and grants from foreign private or governmental sources, then subtracting imports and repayments on loans.

Debt repayment burdens have been so large recently that some developing countries have sent more money out than is coming in, leaving them short of funds for investment and to pay for critically needed imports.

■ Bank Chief's African Tour Mr. Conable is due in Lagos on Monday for cabinet-level talks on Nigeria's economic adjustment program, Reuters reported Sunday from Lagos, quoting a government statement. He is also scheduled to justment, trade and resource flows visit Ghana, Ivory Coast and Mau-

Mr. Conable is to meet the Nigerian ministers of finance, agriculture, national planning and oil. tary," Mr. Conable continued. Last year Nigeria introduced sever-"Adjustment reforms and im-proved trading prospects will not sures, including a flotation of its



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These are indicative prices as of July 9, 1987

WITH COMPLIMENTS OF

CONTINENTAL AMERICAN

# NASDAQ National Market Argosy Arlich Arizinat Armor Astrom Ascomb Asc .20e .9a .20e .20e Gold Maria Summa Tech Tolk Ry US Gov KYTXFT Kevskarie Cus B2: Cus B2: Cus B3: GvSec Grwith Ref Eq TaxEx Neuberse Neuberse Enrsy Guerd Libty Linket Month! May 16 New MaTxr MiTxr Ontxr NiTx 11.86 11.86 11.86 11.87 11.87 11.87 11.87 11.87 12.87 NY TX IN STRIPLY TX IN STRIPLY TX IN STRIPLY TX IN STRIPLY TX EXC CALLAND TX EXC Mutual

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| 12.55 | 1.1 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1. 20 14 120 59 72 34 49 13 50 24 24 24 16 13 

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# New International Bond Issues

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	:						* * * * * * * * * * * * * * * * * * * *
	Issuer	Amount (millions)	Mat	Coup.	. Price	Price end	
•	FLOATING RATE NO			<del></del> -	<u></u> -	Wee	
	Daewoo	\$175	1995			:: ' : 	
	Socié Concessionaire	Fr 450	1997	-		-	Over 6-month Libor. Redestrable at par in 1993, Fees #
	Française du Tunnel Routier sous le Mont Blanc	***************************************	1777	3/16	100	99.A	5 Over 3-month Libor, unless this is 25% or more than 3-mon Paris interbank offered rate, in which asse the coup become 25 basis points over 3-month Piorr. Callable in 19 of paris and at every coupon date thereafter, FF1300 million asserted for an 18-month to assert the paris of the pari
	Manufacturers Hanover Australia	Aus 125	1999	0.25	100.1	5 100.0	Fees 0.60%.  Below the 3-month Australian treasury bill rate, Redeemed at par on every coupon date, Fees 0.15%. Denominatio \$Aus100,000.
-	National Bank of Canada	¥11,000	1992	0.45	100	_	Below the Jopanese prime landing rate, semicanually, No collable. Fees 0.45%, Denominations 10 million yen.
-	FIXED-COUPON American Brands						
-	Coisse Centrale	\$150	1992		100%	99.13	Noncolobia. Fees 196%.
	Desjardins du Québec	\$ 30	1994	9%	10134	_	Noncollable. Fees 13%. Denominations \$100,000.
_	Council of Europe Resettlement Fund	\$100	1994	8%	101%	98.75	Noncollable, Fees 1966.
_	Franklin Savings Association	\$250	1989	81/4	100,93	_	Noncolobie. Fees 1%%.
_	General Motors Acceptance Corp.	\$200	1990	814	101	99.50	Noncolloble. Fees 130%.
_	Portugal Portugal	DM 150	1992	5%	100	99.50	Noncollobia. Fees 2%.
	uropean Investment	DM 150	1995	6%	100	98.60	
٦	<u> Bank</u>	£ 100 	1994	914	101%	99.53	Noncollable, Fees 176%.
_	Ford Credit Funding	£ 50	1992	91/2	100%	. 99.63	Noncolicible. Fees 1%%.
_	Denmark	PKr 500	1992	zero	611/4	60.13	Yield 10.85%. Noncellable, Proceeds DK/301.42 million. Fed
_	Deutsche Bank ussembourg	DK- 300	1993	101/4	100%	99.13	Noncoliable, Fees 197%.
-	World Bank	DK-300	1994	10%	10014	. 99.13	Noncollable, Fees 14%.
-	NCZO Ford Credit Canada	<u> cs 60</u>	1990	9%	10114		Noncollobia. Fees 196%.
ĩ	National Bank	C\$ 100	1994 1992	10 10	1011/4	99.50 98.50	Noncellable, Fees 136%. Noncellable, Fees 136%.
I	Mortgage Nordic Investment Bank	C\$ 75	1992	10	101%	99.75	Noncolioble, Fees 1966.
-	lank of Nova Scotia	Aus\$ 50	1990	14%	1011/2	99.75	Noncolloble, Fees 199%.
7	ouncil of Europe lesettlement Fund	Aus\$ 60	1992	14.	101%		Noncollobis, Fees 2%.
(	Peutsche Benossenschaftsbank Tinance	Aus\$75	1990	14	10114	100.38	Noncosoble. Fees 192%.
-	BM Australia Credit	Aus\$ 60	1989	1334	101%	100.08	Noncollable, Fees 196%.
ì	andesbank heinland-Pfalz inonce	Aus\$ 50	1994	131/2	1011/2	99.63	Noncolloble, Feet 2%.
4	oronto Dominion sustralia	Aus\$ 50	1989	141/4	101%	100.13	: Noncoliable. Fees 1975.
_	P Copital	NZ 75	1989	17%	101%	100.25	Noncolloble. Fees 116%.
	wedish Export Credit	NZ 50	1990	37%	101%	99.88	Noncaliobia. Fees 11/76.
_	egon	Y 13,660	1992	. 8%	101%	·	Coupon payable in New Zealand dollars, at an exchange rate of 89:35 year per dollar. Redemption at maturity will be 80% in year and 20% in dollars. Noncollable. Fee: 1%% Denominations 10 million yea.
	QUITY-LINKED				٠.		
C	. Itoh	\$500	1992	214	100	٠	Noncollable. Each \$5,000 sate with one warrant exercisable into company's shores of 717 yen per share and or 151.70 yen per dollar. Fees 246%. \$300 million issued in Europe and \$300 million in Asia.
F	uqua Industries	\$75	2002	open	100	98.75	Sauv merch in Asic.  Coupon indicated at 64% to 7%. Conventible at an expected 20% to 24% premium. Fees 24%. Terms to be set July 10.
K	irin Brewery	\$500	1992	ореп	100		Coupon indicated at 24%, Nancatioble, Each \$10,000 note with one warrant exercisable into company's shares at an expected 25% pressure. Pees 25%, Terms to be set July 16.
N	litsubishi Rayon	\$100	1992	open	100	97.00	Coupon indicated at 25ffs, Noncollable, Each \$5,000 note with one warrant exercisable into company's shares at an expected 25ffs premium. Fees 25ffs, Terms to be set July 15.
	odakyu Electric Dailway	\$150	1992	open	100	97.00	Coupon indicated at 26%. Noncalidate, Each \$5,000 note with one warrant exercisable into company's shares at at expected 25% premium. Feet 24%. Terms to be set July 15.
C	Pnoda Cement	\$100	1992	214	100	97.25	<del></del>

•	Railway	_		: <u>.</u>	·		with one womant constable into company's shares of an expected 25% premium. Fees 254%, Terms to be set July 15.
	Onoda Cement	\$100	1992	244	100	97.25	Noncollable, Each \$5,000 note with one warrant overcisable into company's shares of 733 yen per share and at 151.15 yen per dollar. Fees 24%.
	Sanraku	\$700	1992	21/2	100	97.25	Noncollable. Each \$5,000 note with one warrant exercisable into company's shares at 1,210 year per share and at 149,80 year per dollar. Fees 256%.
	Sumitomo Trust & Banking	\$100	2002	open	100	100.00	Semiannual coupon indicated at 1986. Callable at 104 in 1990. Each \$5,000 note with one warrant exercisable into company's shares at an expected 5% premium. Fees 299%. Terms to be set July 16.
	Yasuda Fire & Marine Insurance	\$150	1992	open	100	98.00	Cospon indicated at 214%. Noncellable. Each \$5,000 note with one warrant exercisable into company's shares at an expected 214% premium, Fees 214%. \$100 million issued in Europe and \$50 million in Asia. Terms to be set July 16.
	Bayer Capital	DM 400	1997	614	130	132.00	Each DM1,000 band with two warrants exercisable into 4 company shares of DM330 per share, a 1.36% premium. Fees 24%.
	Coles Myer Finance Int'i	Aus\$ 125	1997	91/2	100	98.00	Convertible of Aus\$8.77 per share, a 20.1% premium. Fees 25%.
	WARRANTS						
	Cidana la material	n 25	1989	_	\$2816		Each warrant giving the right to buy \$500 of DM1.82 per

### EUROBONDS: Markets Unmoved by Tax Imbroglio

ment that the tax exemption will be protecting investors' interests. maintained remains to be seen.

Those who had indicated an intention to use the loophole included American Medical, Bank of Boston, RJR Nahisco (formerly RJ Reynolds) and J.C. Penney. Cater-pillar, which had indicated plans to call its zero coupon bonds, said it would not proceed to do so. Citicosp, another very large user of the market, also announced it had no intention of calling any of its debt.

The Treasury's reversal followed an appear from the Association of only be called if an actual charge international Bond Dealers, which Liry, James A. Baker 3d, "to make a change in tax rules, and issuers ing the concern of the Treasury for investors" who stand to lose money and to express "your personal opinion that further tax calls of bonds...would be unreasonable or inappropriate in view of the Treasury's proposal for corrective legis-

The differences in wording in bond documents that permits some issuers to call bonds even though the tax may never be levied has proved to be an embanassment to the leading underwriters. Lawyers provisions. cesponsibility for the weakening in the working of the call provisions one bank, which is a commercial was a considerable amount of issubank as well as an investment bank, including the leaf to the leaf to the call provisions. responsibility for the weakening in bank as well as an investment bank, ing activity but little buying. Bank-over the years. The lawyers argue to bank looms much more stringers. not the investors.

Underwriters concur and admit that in the rush to do ousness and "It's difficult to argue with the the European Investment Bank and in a competitive environment." where, as one said, "we scratch eyes borrower and with the other people Ford Credit.

ing with the client," — the issuer — marketing reason that the sale of "knowing if we insist on wording the public issue will suffer. he doesn't want he'll take the busi-

mary Market Association, which writers, is to meet in London on Monday to establish standardized wording on tax-call provisions in plying with wording sought by the all future documents.

The proposed wording will contain two main elements: Bonds can will be incurred because of a must take all reasonable measures

The small print in bond documents contains a lot of boiler plate material - phrasing reproduced word for word in document after document. The small print covers three general areas: administration - the who, how, where and when of coupon and principal payments; the covenants - the ranking of the debt if coupon and/or principal cannot be paid; and the tax call

(Continued from first finance page) out for 5 basis points," or .05 per- in the bank that the protection for cent, no one pays much attention to the public should be at least as strong," this bank officer said, "un-We're on a cleft stick negotiat- less you can show there is a good

> "But you can't say no one will ness elsewhere," said one banker.
>
> However, the International Pritively weak wording, in part because investors don't read the docgroups the major Eurobond under-

> > This official points out, for example, that so-called "plain vanil-la" straight bonds nowadays rarely name a trustee. It is still standard practice only for debt that is subordinated or convertible into equity.

> > "Ten years ago," the banker said, "all Eurobonds had trustees" institutions appointed to represent bondholders' legal rights. In event of default, it is the trustee who sues for repayment. Without a trustee, the anonymous holders of bearer Eurobonds would have to present and organize themselves to bring

The trustee, the official said, has been out to save costs for the issuers, without a ripple of opposi-

over the years. The lawyers argue in bank loans much more stringent in value, investors lose interest in that their obligation is to the issuer, than the same borrower was willing the nondollar currencies. Nevertheto provide investors of a public less, the Eurosterling sector reopened with two new issues, from

### 2 Big Credits Expected As Season Winds Down

By Carl Gewirez

PARIS -- Two large international credits, probably the last before volving underwriting facility under the summer doldrums shutter the the direction of Merrill Lynch. market, are expected to be an-

nounced this week. British Airways will be coming to the market with a \$2 billion facility to finance the purchase of

### INTERNATIONAL CREDIT

new jet aircraft. Chemical Bank, National Westminster and Mitsubishi Bank have been appointed to organize the complex financing, which will be long-term and secured by the aircraft.

BTR, which has been on the ac-quisition trail but failed in its recent unfriendly bid for a 50 percent stake in Pilkington Brothers, has named Bankers Trust to organize a £500 million, medium-term multioption facility. In addition to this underwritten line of credit there will be a £500 million line extended on an uncommitted basis.

The underwritten portion includes a \$500 million credit for the Ims has fueled speculation that the next acquisition target may be in the United States. U.S. subsidiary, BTR-Dunlop Inc.

Industrial Credit & Investment term credit to domestic industries, is shopping for terms on a \$150million credit with an option to issue Euro-commercial paper. Hand Reliance Premium Credit Corp. Corp.

anwill, an insurance premium lending company owned by Reliance of the United States.

be the first collateralized notes to be the first collateralized notes to be issued in this market. The notes there noted A. I the notes Thailand has authorized Japan's have been rated A-1.

sold at a cost of 25 basis points over rate, now 4.9 percent. the London interbank offered rate. to 12½ basis points.

Inspectorate International Ltd. a quality-control company, is seek-ing a \$150 million transferable re-

The three-year facility will carry an annual fee of 221/2 basis points. Underwriters agree to take up any notes otherwise not sold at a cost of 221/2 basis points over Libor. Omni Holding Group of Switzerland, a privately held company, owns 66

percent of Inspectorate. Merrill Lynch is also arranging a certificates-of-deposit program for Credito Italiano and will be the sole dealer of this paper. The program, which includes issues of CDs m dollars and European currency units, has received a P-1, A-1-plus rating from the U.S. credit agen-

The Belgian chemical company Solvay has appointed Deutsche Bank to arrange a \$100 million Euro-CP program. Dealers, in addition to Deutsche Bank, include Citicorp, Société Générale, Manufacturers Hanover and Morgan Guaranty. The maturity of the notes, to be issued under the name Solvay Finance (Bermuda) and car-

The Danish enzyme and phar-Corp. of India, a government- maceuticals company Novo Indusowned institution providing long- tri appointed Morgan Guaranty to arrange a \$100 million Euro-CP program. Dealers, in addition to Morgan, include Copenhagen Handelsbank and Swiss Bank

Reliance Premium Crem Coap.

completed a \$160 million collateralized note issuance facility last

The borrower is a company

programs: a £100 million commer
range programs: a £100 million commer
facility

facility

facility cial paper program, a £150 million uncommitted multioption facility and a \$100 million Euro-CP pro-Manufacturers Hanover Trust, which arranged the loan, says it will be the first collateralized notes to

The facility runs for five year. Mitsui Bank, Bank of Tokyo, Mitsui Bank Bank of Tokyo, Mitsui Bank and Nipand carries an annual facility fee of pon Life Insurance Co. to raise a 10 17½ basis points, or 0.175 percent. billion yen loan. The domestic 10-Underwriters are obliged to buy year loan will carry a fixed interest any notes that cannot otherwise be rate equal to the long-term prime

Thailand will use the proceeds to Fees paid to underwriters range up redeem you bonds sold in Tokyo on which it is now paying 8.4 percent.

### Japan's Mitsui Is Ranked As World Leader in Sales

NEW YORK - Mitsui & Co., the Japanese trading company, has displaced Royal Dutch/Shell Group as the largest company outside the United States in terms of revenue, according to Forbes magazine.

Mitsui had revenue of \$81.8 billion in 1986. The dollar value of its sales was pushed up by the rise of the yen. Royal/Dutch Shell, the oil giant based in Britain and the Netherlands, dropped from first place in 1985 to fifth place in 1986 because of falling oil prices.

General Motors Corp. is the biggest company in the world, with revenue of \$102.8 billion in 1986.

Japan's trading companies, which captured six of the top seven spots on the list, tend to have vast revenue because they handle international commerce for other companies.

Here is a list of the top 10 non-U.S. companies, with their 1986 revenue, according to Forbes:

Mitsui & Co., \$81.8 billion

 Mitsubishi Corp., Japan, \$77.3 billion. C. Itoh & Co. Ltd., Japan, \$71.9 billion.

Sumitomo Corp., Japan, \$65.1 billion.
 Royal Dutch/Shell Group, \$64.9 billion.
 Marubeni Corp., Japan, \$64.7 billion.

Nissho Iwai Corp., Japan, \$42.9 billion.
 British Petroleum Co. PLC, Britain, \$39.9 billion.

Nippon Telegraph & Telephone Corp., Japan, \$33.5 billion.
 Toyota Motor Corp., Japan, \$33.1 billion.

### **AUSTERE:** Argentine Accord

(Continued from first finance page) Raul Alfonsin that his governommend the standby program for Argentina to the IMP's executive include an acceleration of the pri-

The program can be implementcommercial bank's loan package. Argentina has foreign debt of around \$51 billion, the third high-est in the developing world after

Brazil and Mexico. The government austerity proposal to the IMF, announced just two months before congressional and gubernatorial elections, drew immediate criticism from leftist op-position leaders, who said it would

depress economic growth. A previous austerity program that included wage and price controls, introduced in June 1985, curbed spiraling prices, but failed

to restore domestic growth. ted any reference to economic come from operations abroad, to 2 growth targets, despite repeated percent by the end of the year.

public assurances by President

Michel Camdessus, said the level of support for the package constituted support for the package constituted the "critical mass" necessary to rec-The new economic program will

vatization of state industries, primarily petrochemicals, and will ed only after the completion of the commercial bank's loan package. companies operating in Argentina.

Wage increases for the third to quarter of 1987 will be limited to 5 percent per month, according to : the proposed agreement.

Because of the debt crisis and a

sharp deterioration in the balance of payments, the government also agreed to accelerate devaluations of the Argentine currency, the austral. In June, the austral was devalued by a total of 11 percent against the U.S. dollar.

The program also calls for the federal budget deficit to be reduced from 6.5 percent of the gross domestic product, or the total output The proposed new accord omit- of goods and services minus in-

### **Bond Prices Rise Moderately**

New York Times Service NEW YORK -- Prices of government securities rose moderately Friday in response to a smaller- prices turned higher, than-expected increase of 0.2 percent in June's Producer Price In-

Market participants had expected producer prices to rise twice that

U.S. CREDIT MARKETS

much after the May increase of 0.3 percent. The small June rise added to speculation that the economy was still slow - which is good news for bond prices - and that this week's new economic data could

reinforce those beliefs. The dollar's pullback from its opening highs against the yen encouraged a fair amount of selling by midmorning. Firm oil prices, which are still above \$21 a barrel, also temporarily blunted the favor-

able impact of the low-inflation report on the market. By midday, however, bond

By late in the day, the bellwether long bond, the 30-year issue due in 2017, was up 20/32, to 103 5/32, to yield 8.45 percent. Short-term bill rates were mixed with the threemonth bill off a basis point, to 5.62 percent, and the six-month bill up a basis point, to 5.50 percent.

### **U.S. Consumer Rates** July 10 Money Market Punds £25 % Book Mosty Merkel Account 548 % Hoste Mortgone, PHLB sverote

Source : New York Times

# Investor Is Aiding Fairchild

New York money manager, George Soros, is investing \$34 million to help fund a wide revamping of Fairchild Industries Inc., the military contrac-

Financially troubled Fairchild said Friday that it was raising funds, selling divisions, trimming its debts and planning to buy back stock.

It said that Mr. Soros, who has close ties to a foreign investment company, the Quantum Fund, had been elected a Fairchild director and would head two investor groups that have the right to buy as much as 25 percent of the company.

Mr. Soros, who declined to discuss his growing role in Fairchild, is regarded on Wall Street as a passive investor interested in the long term rather than in a takeover. Fairchild, which said it planned to concentrate

on its aeronautics and military electronics businesses, rose \$1.125 a share to close Friday at \$13.375 on the New York Stock Exchange. Through his role as investment adviser to the

Quantum Fund of the Netherlands Antilles, Mr. Soros, 56, a Hungarian emigré, already controls 11.4 percent of Fairchild In March he asked the government for authorization to raise Quantum's stake to 49.9 percent. He subsequently said that Fairchild had told him such

a big foreign investment might impair its security clearances on government business. Asked whether Mr. Soros was behind the revamping, Deborah M. Tucker, a Fairchild spokes-woman, said, "Senior management initiated it." It

was clear, however, that Mr. Soros had endorsed Under an agreement with Fairchild, Quantum cents a share in 1986.

and an investor group consisting of Mr. Soros and NEW YORK - A group headed by a leading Harvey L. Karp, another New York investor and Fairchild director, will limit their stake in the company to 25 percent for five years and will vote with the consensus of the board for 18 months,

except in certain unspecified circumstances. To improve its financial condition, Fairchild said, Mr. Soros's investor group would pay \$34 million for an unspecified amount of convertible

preferred stock and subordinated debt. The investment would pay 6 percent interest and would be convertible into common stock at \$12.90 a share but could not be sold for 18 months.

As part of the restructuring, Fairchild will sell such businesses as the manufacture of computer cabinets and doorknobs, in addition to its previously announced plan to sell its aircraft plants, including Fairchild Republic Co. in Farmingdale, New York.

It said the divestitures could take a year to complete, possibly bringing in more than \$150

Paul E. Wright, president and chief operating officer, said that after the divestitures Fairchild's core businesses would be largely space systems, avionics, defense electronics, aerospace subsystems and aerospace fasteners.

He said Fairchild would also consider acquisitions but gave no idea of what it might buy.

Fairchild said it would buy back its 3.4 million

series A preferred shares as market conditions warranted and possibly speed up its senior debt payments.

In a report on the company prepared in late April, Standard & Poor's estimated earnings this year at 50 cents a share, in contrast to a loss of 34

### Rosewood Bids for Apparel Firm

By Peter H. Frank New York Times Service DALLAS - Caroline Hunt Schoellkopf, by some accounts the richest woman in the United States, is seeking to add Phillips-Van Heusen Corp., the New York-based apparel company, to the businesses run by her estate.

Phillips said Friday it had re-ceived a merger offer of \$22 a share in cash, or \$333 million, from Rosewood Financial Inc., the investment arm of Mrs. Schoellkopf's es-

Mrs. Schoellkoof, the billionaire daughter of the late oilman, H. L. Himt, is not active day to day in Rosewood's operations, but is among those who make final decisions on important investments.

Rosewood, which has consistently stated that its stake in Phillips-Van Heusen was for investment The offer was apparently met holder approval and the signing of purposes only, already owns 19.7 with expectations of further proparation of the company's common posals, analysts said.

who asked not to be identified, said day, at a high of \$24.875 a share. It that Rosewood had owned stock in was the seventh-most actively trad-investigating the possibility of a Phillips-Van Heusen for more than ed stock on the New York Stock buyont. It later dropped that plan, not available for comment.



Caroline Hunt Schoellkopf

stock, the largest holding.

A spokesman for Rosewood, closed \$5.125 a share higher Fri-Stock of Phillips-Van Heusen

"People obviously feel that \$22 is a low offer for the company," said Elizabeth A. Armstrong, an analyst with Johnson Redbook Service, a division of Prescott, Ball & Turben

in New York.

For the year ended Feb. 1, 1987, Phillips-Van Heusen earned \$20.1 million, or \$1.27 a share, compared with earnings of \$15.9 million, or

\$1.02 a share, the year before. The company's revenue declined to \$514 million from \$550 million

in the 1986 fiscal year. According to previous docu-ments filed with the SEC, Rosewood paid a total of \$40.7 million for its stake in Phillips-Van Heusen, or an average of about \$14 a

Rosewood said the transaction Phillips-Van Heusen said its was dependent on obtaining \$267 board would consider the proposal. million financing, obtaining share-

Almost two years ago, Phillips's management announced that it was two years. Mrs. Schoelikopf was Exchange, with 2.19 million shares saying it was not in the best interest not available for comment.

Changing hands.

Divork Fork Stock buyout, it later dropped that plan, saying it was not in the best interest of shareholders.

### Saudi Investor Holds 5.3% of Transamerica

New York Times Service

percent of Transamerica Corp., but that the shares were purchased for It closed at \$42.625, up 25 cents. has disavowed any desire for a investment purposes by his compa-takeover. investment purposes by his compa-ny, Competrol BVI Ltd., based in

In a filing with the Securities and ny said Friday that it began buying stock in 1985 and now owned 4 million shares, including options, of the San Francisco-based insurof the San Francisco-dased insur-ance and financial services compa-ny. From May 11 to July 7, Mr. vestor that owns 5.8 million shares. San Francisco. It has been shed-

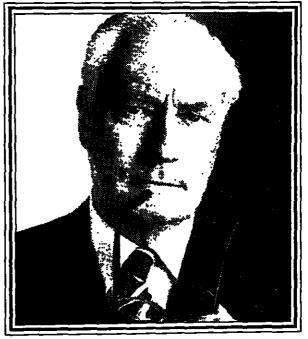
the British Virgin Islands. A spokesman said Transa

and \$41,875 a share, the filing said. Trading. It jumped by more than \$3 Mr. Olayan is known as a passive, on Friday when the investment was SAN FRANCISCO — A comMr. Olayan is known as a passive. on Friday when the investment was
pany controlled by Suliman S. investor who does not seek to take announced, but then settled back Olayan, a Saudi Arabian business- over companies or interfere with as the apparent nature of Mr. man, has disclosed that it owns 5.29 management. The SEC filing said Olayan's investment became clear.

> Mr. Olayan, 68 years old, made a fortune importing supplies for oil pipeline construction and drilling welcomed the investment. Mr. complex chain of companies in-Olayan's company will become the volved in trading, insurance and second-largest shareholder of investments there and elsewhere.

Transamerica, after Delaware Transamerica is known for its Olayan's company bought 1.288

The stock of Transamerica has ding businesses, such as its airline million Transamerica shares on the moved from about \$32 at the begin- and Budget Rent a Car units, to open market for between \$31.95 ning of June to above \$40, in heavy concentrate on financial services.



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# Republic of Tunisia Societe de Promotion du Lac de Tunis

6, Rue Docteur Calmette 1002 Tunis Telex: 13575 SABLAT. TN. Tel: 287.930 / 286.709

Within the project of Restoration and Development of the North Lake of Tunis and its shores (approx. 1200 Ha), the SOCIETE DE PROMOTION DU LAC DE TUNIS intends to execute the general infrastructures and the various utilities for 165 Hectars as the first phase of the project.

The works of this first phase will start soon and include the following:

- The works of this first phase will start soon and include the fo 1—Road network of approx. 20 kms.

  2—Sewage system of 22 kms of pipes plus pumping stations.

  3—Storm water system of approx. 20 kms of pipes.

  4—Running water system of approx. 24.5 kms of pipes.

  5—Natural gas system of approx. 31 kms of pipes.

  6—Electricity, approx. 160 kms of cables.

  7—Telephone network, approx. 58 kms.

  8—Landscaping, including irrigation system.

Contractors who are interested in participating in the bid for these works should apply before the 10th August 1987, to the Director General of the SOCIETE DE PROMOTION DU LAC DE TUNIS.

1—Legal situation of the contractor (names of the stockholders and the Board Directors).

1—Legal situation of the contractor (names of the stockholders and the Board Directors). The prequalification files should include the following documents:

2-The list of similar works executed during the last five years including costs,

2—1 ne list of similar works executed during the last live years including costs, location and the employer's name.
3—Balance sheet and turnover for the last 3 years (84, 85, 86).
4—List of the contractor's Bank References.
5—List of the contractor organisation diagram indicating the technical staff and their resumes as well as the names of the consulting firms with whom the contractor is

collaborating.

6—List of the equipment owned by the contractor with the date it was made and its availability to be mobilised for the project.

7—In the event that two or more constructors wish to enter the bid in the form of a group (consortium, joint venture, etc) each member of the group must submit a group life at its own.

prequalification file of its own. Any group that includes a non-prequalified contractor will be rejected.

### **INTERNATIONAL POSITIONS**

You will find below a listing of job positions published

last Thurs	day under the rubric h	nternational Positions.
TITLE	SALARY	EMPLOYER
INTÉRPRETES		A Comissão das Comunidades Europeias
SECRETARY GENERAL		League of Red Cross & Red Crescent Societies
TRADER		Janssen Pharmaceutica
EXPORT SALES		Int'l consumer goods company
LEGAL COUNSEL		Int'l Chamber of Commerce
WRITER		European Space Agency.

If you haven't seen last week's INTERNATIONAL POSITIONS rubric. please ask for a free copy: Max Ferrero, INTERNATIONAL HERALD TRIBLINE, 92521 Neutlly Codex, France. Tel: (1) 46.37.93.81. Telex: 613595

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knew that the thrift fund was in bad trouble. But it also realized that key members of Congress, inchiding the new Senate Banking Committee chairman, William Proximire, and Representative Fernand J. St Germain, chairman of the House Banking Committee, would not stop at a simple bailout of the fund Both men had long wanted to ban limited-service banks and were likely to use the bailout legislation

The battle began in earnest earlier this year. The administration

as a pretext for other banking measures. The Treasury began arguing for a bill that would recapitalize the failing fund but change no other

That strategy had some success; the House of Representatives passed such a bill, but it provided for a maximum bailout of \$5 billion, much less than the \$15 billion recommended by the Treasury.

In the Senate, meanwhile, Mr. Proximire was pushing for broader egislation. He, together with Paul A. Volcker, chairman of the Feder-A Volcker, chairman of the Federal Reserve, had argued for years that if a nonbank bank were to lend large amounts of money to a large failing commercial parent, it could threaten the entire financial system. A Proximire bill passed in

\$100,000 and up, these machines

have found few buyers in recent leader, was not immune. While it years. Just 7,600 combines were has weathered the downturn better

sold last year, for instance, down than most, because of its size, fi-

from 32,000 in 1979. Combine sales nancial strength and 'aggressive

this year are running 53 percent spending on product development behind last year's levels.

BANKS: Congressional Vote Was Blow to White House's 6-Year Deregulatory Effort (Continued from first finance page)

The two banking bills then had insurance agents. The big banks and scholars, who insist that to be reconciled by a conference lost badly.

The two banking bills then had insurance agents. The big banks and scholars, who insist that to be reconciled by a conference lost badly.

The two banking bills then had insurance agents. The big banks and scholars, who insist that to be reconciled by a conference lost badly.

Committee. The first key vote was Small banks, who took on hig writing and to ban commercial thrift depositors. Since September, \$22 billion in deposits, excluding er legislation. They did.

ance and real estate powers, faced Many did not welcome the out- to halt the bill.

would consider the Senate's broad- & Co., J.C. Penney and American protects existing interests from fur-interest, has been withdrawn. Express Co. over the ban on limit- ther competition.

was approved with relative case. industry's troubles became serious proposal to send to the White budgetary restraints and oversight. In the end, the big banks, who enough, the Treasury would finance any bailout.

Sources say they are draining a vew budgetary restraints and oversight. House, and the administration of the White House Office of Manwanded new underwriting, insur-nance any bailout.

Wall Street, real estate agents and come, including banking experts There are strong arguments ing banks.

Numerous amendments were offered on June 30 to dilute the ban
on nonbank banks. All failed.

The other business of the conferthan the administration suggested,
miderwriting new securities and the
underwriting new securities and the
was approved with relative ease.

Express Co. over the ban on limit
ther competition.

Whether the bill will become law
is far from certain. Little serious
of the salium of the fund to be smaller
than the administration suggested,
may be received in the House
approve the bill, or in the full
house or Senate. But Treasury
thority, It also believed that if the
was approved with relative ease. Another is that the Federal Deregulatory powers to deal with fail-

### Greenspan Lists Possible Conflicts of Interest

By Nathaniel C. Nash New York Times Service

WASHINGTON - Alan Greenspan, President Ronald Reagan's nominee for chairman of the Federal Reserve Board, will not participate in regulatory decisions that directly affect J. P. on the great majority of applications by banks Morgan & Co., according to a document Mr. to enter new businesses and complete mergers. Greenspan submitted to the White House and

published, provides the fullest accounting to date of Mr. Greenspan's extensive business relationships. He listed his 10-year tenure as a director of Morgan and of its banking subsidiary, Morgan Guaranty Trust Co., as possible conflicts of interest, as well as his relationships

According to the document, Mr. Greenspan would not participate in decisions on applica-tions from Morgan, but would discuss and vote

Mr. Greenspan declined to discuss the docu-

Congressional sources said that Mr. Greenspan's business relationships, which he developed through his New York economic consulting firm, Townsend-Greenspan & Co., should not preclude his appointment, but that Congress would look carefully at them.

Mr. Greenspan listed as other potential con-flicts of interest Capital Cities-ABC Inc., Gen-

regulatory experts have predicted further requests for expansion of the sphere in which banks may operate.

eral Foods Corp., Mobil Corp. and Pittston Co., all companies of which he is a director. He also listed deferred compensation agreements with Aluminum Co. of America and Automatic Data Processing Inc.

Mr. Greenspan's involvement in the private sector is in contrast to the departing chairman of the Federal Reserve, Paul A. Volcker, who had a long career in public service.

In answering how he would resolve potential conflicts of interest, Mr. Greenspan wrote, "I plan to sever all previous relationships and recuse myself," or excuse himself, "if at any time the interests of past business associates or

clients are directly involved."

He indicated that he would excuse himself from any debate or vote on applications that Morgan files with the Federal Reserve to engage in new businesses or to acquire other banks. Two such applications are pending.



Computers Superseding 'La Corbeille'

### THE FIRST BOSTON CORPORATION

Traders gathering around the 19th-century trading pit at the Paris Bourse for one last time: The symbolic central enclosure, the "corbeille," or basket, was to be removed over the weekend to make room for a computerized trading system. The corbeille dates back to 1827, but Xavier Dupont,

chairman of the stockbrokers association, said, "This isn't a loss and no one here is glum about it."

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### ment, a questionnaire completed by all presi-dential nominees, listing educational, business and political background.

Congress.
The document, which has not been officially

with six other companies.

Morgan and other big banks are seeking entry into new underwriting businesses, and

Even Deere, long the industry

and factory automation, it has re-

TRACTORS: In U.S. Farm-Equipment Industry, Business Goes From Bad to Worse (Continued from first finance page)

Allis-Chalmers sold its farmbig tractors with 100 horsepower or
more, and combines, the giant harmore, and combines, the giant harGerman heavy-industry company,
Case-IH and Ford-New Holland
Case-IH and For more, and combines, the giant har-yesting machines used by grain Klockner-Humboldt-Deutz AG, farmers.

The combine slide has been, if anything, more spectacular than the tractor crash. Selling for tection from its creditors.

Case-IH and Ford-New Holland nomical to make such machines al farm equipment customers but can make that claim, while other companies have expanded their lines by acquiring competitors.

"We actually have more full-line than 40 horsepower, are most pop
"We actually have more full-line than 40 horsepower, are most pop
"We actually have more full-line than 40 horsepower, are most pop
"We actually have more full-line than 40 horsepower, are most pop
"We actually have more full-line than 40 horsepower, are most pop-

'We seem to be still looking for the bottom.'

— Robert Moglia, President of Ford-New Holland

Perhaps the most spectacular industry failure was Harvester, which
United Auto Workers strike companies than we did 10 years
lost more than \$3 billion in six
years, underwent several restructraining and manufacturing and manufacturing ular in Japan. All the small tractors downturns in the Southern and sold in the United States are made Western oil producing states, in Japan by American companies where the small machines were particularly strong sellers to executives turings and refinancings and naring Deere to show losses of \$331 Equipment Institute, a Chicagorowly missed bankruptcy. Only the million in two quarters. based trade group.

relative health of its truck-making Deere had a small profit in its The industry has been reordered subsidiary kept it alive.

most recent quarter, but Eli LustThe company decided to cut its garten, an analyst at Paine Webber ing has shifted overseas. Although about the farm equipment business losses two years ago, selling its inc., predicted: "They'll go in and combines and large tractors are still in the past few years. Its success has masked some of the industry's other analysis of the industry's other analysis. farm equipment operations to J. I. out of profitability in the next four made in the United States and Case, a subsidiary of Tenneco Inc. to six quarters."

Harvester changed its name to Na.

The upheaval and consolidation made in Europe or Japan.

with plants there or by Japanese companies that also sell the products in the United States.

with weekend farms, and the increased value of the yen against the The market for small tractors has dollar, which has raised prices of

been about the only good thing the small tractors. masked some of the industry's oth- sist that they see cause for cautious er problems, analysts say. U.S. optimism Crop and land prices are sales of small tractors, which were firming somewhat, they say, and ristar International Corp. and carried on solely as a truck-maker.

Massey-Ferguson restructured.

New Holland was sold by its corponate parent, Sperry Corp.

The upneaval and consonation made in Europe or Japan.

According to industry executives mostly flat during the first years of the farm countries abaning the farm equipment companies has drastically changed the market patterns more than problems in the U.S. industry. Europe is the world's largest market for medical parents.

Sales of small tractors, which were infining somewhat, they say, an mostly flat during the first years of the slump, have risen sharply in the slump past five years, to 62,000 last year from 42,000 in 1982.

The buyers of these machines, buy replacements. past five years, to 62,000 last year farmers cannot run old tractors for-

Despite the steady stream of bad news, some industry executives in-In addition, the executives say, ever; eventually, they will have to

with the industry's problems. Dur-

ing the first five months of this

year, small tractor sales were off 4.4 percent from last year, according to the Farm and Industrial Equip-

The decline has been attributed

to market saturation, to economic

Back in 1974, I was a 25-year-old kid with a dream. With my \$3,000 life savings, I created a new proxy solicitation firm dedicated to bringing brains and leadership to a sleepy industry dominated by two firms for nearly three decades.

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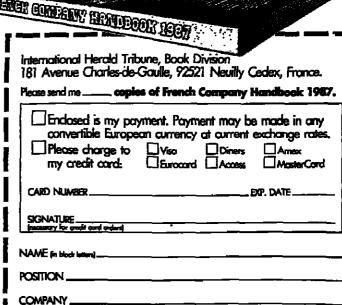
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plate

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26 Acclamation

27 Fragile layered rock

28 Thrifty one

61 And others: **62** Muscovites

### New York Times, edited by Eugene Maleska

MOULD YOU ASK YOUR HUSBAND TO BE A LITTLE

JUMBLE THAT SCRAMBLED WORD GAME
by Henri Arnold and Bob Les

Print answer here: THE "

WEATHER

(Answers tomorrow)

Jumbles: GUIDE FILMY WOEFUL INBORN

Answer: Why he liked to stand in front of the electric fan—IT BLEW HIS MIND

<u>ASIA</u>

<u>AFRIÇA</u>

LATIN AMERICA

NORTH AMERICA

THAT COMICAL MEMBER OF THE

SWEATER PROJECT.

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

37 102 26 79 26 79 19 66 34 93 27 81 31 88 24 75 36 97 26 79 28 87 24 75

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SIBAN

WAMIDY

TECKOP

**EUROPE** 

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**OCEANIA** 

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MONDAY'S FORECAST — CHANNEL; Sight, FRANKFURT; Foir, Temp. MONDAY'S FORECAST — CHANNEL; Sight, FRANKFURT; Foir, Temp. 29—13 (84—55), LONDON: Cloudy, Temp. 24—12 (75—54), MADRID: Foir, Temp. 27—18 (90—64), NEW YORK; Porth; cloudy, Temp. 31—24 (91—57), PARIS; Foir, Temp. 31—21 (88—76), PARIS; Foir, Temp. 31—21 (88—76), SANOKOK; Stormy, TEMP. 35—28 (85—77), HONG KONG; Foir, Temp. 35—28 (87—82), MANILA; Temp. 35—28 (86—75), SEOUL; Cloudy, Temp. 35—21 (77—70), Stormy, Temp. 35—21 (77—70), Stormy, Temp. 35—27 (85—75), SEOUL; Cloudy, Temp. 35—21 (77—70), Stormy, Temp. 35—27 (85—75), TOKYO; Foir, Temp. 31—24 (86—75), T

### **SPORTS**

### **SPORTS BRIEFS**

### Mansell Edges Piquet in British Grand Prix

SILVERSTONE, England (AP) — Nigel Mansell of Britain overtook Williams-Honda teammate Nelson Piquet of Brazil with two laps to go Sunday and won the British Grand Prix, by 1.918 seconds, for the second successive year. Ayton Senna of Brazil finished third to retain his lead in the drivers' championship

standings, by a point over Manseli and Piquet. Reigning champion Alain Prost of France held the lead briefly but fell back and retired 10 laps from the end. It was Mansell's first Formula 1 victory at Silverstone's 2.97-mile (4.78-kilometer) circuit, where he averaged 146,208 mph. Last year's race was at Brand's Hatch.

### Jury Awards 12-Meter Title to New Zealand

PORTO CERVO, Sardinia (UPI) — The Japanese yacht Bengal was stripped of a victory in the world 12-meter championships and the title awarded to New Zealand by a jury that ruled that Bengal had forced its opponent off course in the decisive

The jury, after meeting for more than three hours late Friday, ruled that New Zealand had been forced to lose time taking evasive action as the yachts battled for the lead at the last mark. Bengal finished 40 seconds ahead of New Zealand.

### Cook Takes 1-Stroke Lead in U.S. Golf

WILLIAMSBURG, Virginia (UPI) - John Cook shot a five-under-par 66 Saturday for a one-shot lead over Bobby Clampett after three rounds of the Anheuser-Busch golf tournament. Clampett began the day three strokes off the lead, but birdied four of his last five holes for a round of 65 and a total of 200.

Mark McCumber, with 67, was at 201, tied with second-round leader Tim Simpson (69) and Scott Hoch (68). Tom Sieckmann, the first-round leader, shot 69 and was tied with Vance Heafner (66), two shots back. On Friday, Simpson carded a 65 for a one-stroke advantage over Hoch (66), Sieckmann (68) and Cook (67).

# Solution to Friday's Puzzle GALAHAD SAMOVAR OVERATE TRIREME DEBACLE AILERON IRA KARAKUL ART VANE SPIES ANOA AGONS ADD ABDUL SENATORS HARASS

### Quotable

 Doug Moe of the Denver Nuggets, after being named coach of the all-inter-view team by National Basketball Asso-

ciation writers: "No comment." (LAT)

■ Bert Blyleven, the Minnesota Twins pitcher who is threatening to break his own major league record of 50 home

money to last me the rest of my life — brother to Glow, had supposedly been training provided I die tomorrow."

(LAT) well when the clockers weren't looking. The word

### **VANTAGE POINT/Steven Crist**

# Touts, Tips and Lots and Lots of Rumors

attendant, exercise rider, jockey agent and elevator operator on the grounds was eager to pass

on the name of a winner. This is the time of year when the newcomers who will become next year's triple crown contenders begin to emerge, and the maiden races that introduce them are surrounded with an air of excitement; any one of these races might be the one in which the next Secretariat makes his debut. Racetrackers want to be able to say not only that they were there when it happened, but also that they knew all about it beforehand and

made a sweet score at the mutuel windows. The anticipation Friday was more intense than usual, because quality 2-year-olds have been unusually slow to emerge this year. By this time in most seasons, there have been two or three impressive maiden winners. This year, there have been none.

ready to win by the length of the homestretch. Those who profit from insider information out in the so-called real world act upon facts that are not known to the public. Those who attempt to profit from such secrets at the track usually end up cleaning out stalls for a living.

The first of the two maiden events drew a field of nine, seven of them first-time starters. Most of Rockets, on his financial situation: "I'm the whispers surrounded the entry of Lustra and independently wealthy. I have enough Close Union. Lustra, a son of Danzig and half-

New York Times Service

On Close Union, an Alydra coll, was that a hopey the Aquedant betters would be served of the usual five to negotiate the two furious from the parking lot to the press box at Belmont Park on Friday. There was little traffic, this being a twilight racing card with the first post still hours away. But the early birds were out and around, and every one of them wanted to stop and talk, to offer and to extract some helpful advice.

The track was alive with the sound of tips because Friday's card included two maiden races for 2-year-old colts, both filled with blue process or 2-year-old colts, both filled with blue attendant, exercise rider, jockey agent and ele
on Close Union, an Alydra colt, was that the first though trainer attendant, exercise index to the colt is the proposition for the stated of the branch stall better prospects in the brank, this one was still O.K.

Two parking lot informants were quick to informants were quick to maid the stall of the parking lots.

Two parking lot is though the trace prospects in the brank stall of the parking lots of 1-1, the colt had a sught state with a maid closed with a

there have been none.

Once Wild broke on top and led to the finish.

Once Wild broke on top and led to the finish.

Once Wild broke on top and led to the finish.

Several horses in each race who were rumored ready to win by the length of the homestretch.

closed quickly on the rail to be second, but the

The betting on the race suggested that the things on the early were the right strift.

As usual, there were can be suggested that the string shows that there is a several horses in each race.

As usual, there were can be suggested that the string shows that there is a several horses in each race.

As usual, there were can be suggested that the suggest shows that there is a suggest that the suggest shows the third there is a several horses in each race.

As usual, there were can be suggested that the suggest shows the third shows the suggests the second that the suggests who were rumored ready.

It owin by the length of the suggests the second choice of 4-1 and Consider State of the suggests only increase on the local as the suggests only increase on the sole town of the suggests of the second choice of 4-1 and Consider State of the suggests of the second choice of 4-1 and Consider State of the suggests of the second choice of 4-1 and consider shows the suggests of the suggest

sure thing and got a little greedy, putting sa The seach obscure rider on his star 2-year-old colt in the lift gree ca.

### WORLD STOCKS IN REVIEW / Pla Agence Propos

### **PEANUTS**















BEETLE, ARE I JUST GAVE HIM

SOME COLOGNE AND TOLD HIM IT

was a bug spray

YOU BUGGING

SARGE AGAIN





















points from the previous week's close.

All shares, with the exception of the bank index, reported gains, but international stocks and publishers dominated the market. Austerdam stockbrokers Kempen & Co. said attention would probably remain on the

publishers during coming weeks and that re-cently published economic indicators would depress consumer-related issues.

A trading ban imposed on July 3 on Elsevier: NV, Kluwer NV and Wohers Samson Groep. who are at the center of a takeover battle, was infted last week. As a result, Elsevier and Kluwer rose strongly, but Wolfers Samson

Traders said they could not explain sharp gains by Akzo NV, the chemical concern, last Wednesday, but speculated that they were probably the result of russors of a takeover by

Frankfurt
Share prices soared in the Singapore stock market last week, pushing the Straits Times week, with the Commerciant index up 0.8 of a Volume hit 85.7 million on Friday, surpassing the previous week to 1,893.4 ing the previous record of the previous week to 1,893.4 ing the previous record of the previous record o

A midwesk recovery on Wall Street encour-aged investors, but profit-taking later deadened the tendency. Trading volume on the eight West German

exchanges totaled 19.45 billion Dentsche marks, a drop from 21 billion DM the week before and the second successive weekly fall. Electricals, steel firms and banks were the notable losers. AFG slipped 3.5 DM to 310.5, Siemens lost 5.50 DM to 690 and Mannesmann lost 7.50 DM to end at-1585. Among

banks, Deutsche Bank Iost 10 DM to end the week at 645 DM, while Drescher lost 5 DM to 331 and Commerchank 1 DM to 275 DM. Car manufacturers were irregular. Daimler gained 7 DM to 1,121 and Volkswagen gained 4.50 DM to 418.50, while BMW closed the week down 0.50 DM, at 692.50 DM.

### Hong Kong

Share prices reached new heights on the Hong Kong Stock Exchange last week before

falling back.

After a high of 3,251,38 points Wednesday, the Hang Seng index, the leading market barometer, fell two days in a row to close Friday. at 3,207.21, 1.63 points down from the previ

Strong demand for banking stocks led the market's advance early in the week. Some analysts said prospects for improved margins of local banks had improved after recent rises in the colony's interest rates and strong mortgage demand in a firm property sector.

Other finance stocks also rose, but demand was selective for industrial, milities, consolidated enserprises and property stocks.

### London

ous week.

Last week saw a good net advance on the Last week saw a good net advance on the London Stock Exchange, with a significantly higher trading volume than previous weeks. The Financial Fimes ordinary share mider closed Friday at a record 1,868.8 points, up 50.3 on the previous week. The pound's firmer trend at the start of the week and higher oil

prices encouraged the market
Banks rose Tuesdey after Midland's decision to raise its provisions for nonperforming loans. Merchant banks also made progress after talks opened between Hill Sannel and a possible bidder, Union Bank of Switzerland. Electricals benefited from Thorn EMI's

good ammal results. Mining issues put in a baoyant performance, especially De Beers, which scored two-figure gains on several occasions. Consolidated Gold Fields, which reduced its stake in a South African subsidiary by 10 percent, also im-

The Milan bourse dropped for the third straight week last week touching its lowest point since Jan. 2 on Tuesday. The Comit 2. 1. F. S.

index fell 1.1 percent.

Dealers said the lack of a government ast month's general elections had contributed to uncertainty.
About 88 million shares changed hands over

the week, against 87 million the previous week. for a value of 479 billion live, against 480 Ferruzi, the agro-industrial group, lost 2.6

Amsterdam

partons and Agricola Finanziana 3.1 percent.

But Montedison, which suffered over present on the Amsterdam Stock Endanged out wests after the opening of an inquiry into were firm last week. The general ANP-CBS the way the company bought into the Foinshare index rose to a record of 313A, up 2.9 distinguished company, was unchanged room the president means and a large.

Dae Paris Bourse swung back and forth last wick, but the overall trend was good, with French states grining I percent in value. Analysts said prospects were good, with an-other cas in interest rates possible.

Desicas biamed the late arrival of a summer rally on the official statistics office, INSEE, which last week predicted higher inflation, a wider trade deficit and slower growth than forecast by the government for the second

Gainers were led by oil companies, boosted by former oil prices. Société Générale, the bank that was sold to the public last Monday at 407 French francs a share, was quoted in its entry on the market at 432 francs:

ing the previous record daily turnover of 80.5 million, registered a month earlier.

Heading the list of active stocks for the week was Chuan Hup TSR with a volume of 13.7 million, followed by Arab Malaysia Bank with 12.07 million.

Activity was hectic in the industrial and commercial sector with 183.1 million shares. valued at 466 million Singapore dollars, chang-

### Tokyo

Share prices fell for the fourth consecutive

Share prices fell for the fourth consecutive week on the Tokyo Stock Market in what analysts described as a necessary adjustment of overheated prices.

The Nikkai Stock average of 225 blue chips closed the week at 24,102,99 yen, a 362,49 yen loss over the week and 9 percent down on the high of 25,929 AZ yen it reached on June 17.

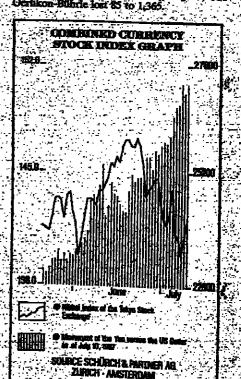
Many analysts predicted a volatile market during this week They said that investors interest might focus on spot crude oil price trends in New York and the announcement scheduled Wednesday of the U.S. trade balance for May.

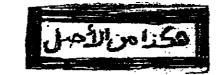
### ance for May Zurich

The Zurich bourse continued its upward trend last week, with the Credit Suisse index closing Friday at 547.9, up from 539.2 the DICVIOUS Week

Volume was heavy, mainly because of the tivity of foreign investors. Analysis said this week would see more good performances, notably after the recent publication of forecasts by most Swiss banks for continued growth for the second quarter.

But banks were on the retreat with Union Bank of Switzerland down 70 Swiss france at 4,680. Finance companies were irregular, Electrowalt gained 150 france to 3,775, but Octilion Bubile lost 85 to 1,365.





### **SPORTS**



Con Huston/Industributed Press International Dodgers 12, Cubs 0: In Chicago, Schmidt had been knocked out Kansas City's Bret Saberhagen (15-3), delivering a pitch to Garth lorg Saturday in Toronto. Bob Welch pitched a four-hitter after four runs and a third of an

Expos Hold Slumping Reds to 3 Hits in 4-2 Victory CINCINNATI - Bob Sebra and runs with a homer and a two-run

Andy McGaffigan held the Cincinnati Reds to three bits Sunday afternoon and Hubie Brooks doubled in the go-shead run in the sixth inning as the Montreal Expos rallied, 4-2, to win their third straight.

It was the Reds' sixth loss in their last seven games. Despite Nick Esasky's two-run

SUNDAY BASEBALL

homer in the fifth, Sebra turned in his fourth consecutive strong start. He had gone the distance in his three previous starts, allowing just two carned runs and 14 hits. This time he allowed three hits and three walks in fifth helping beat San Diego. six innings, with McGaffigan pitching the last three for his eighth save.

Vance Law led off the Expos' third with a homer, then singled and doubled for 14 hits in his last 19 at-bats. He has a six-game hitting streak and is batting .467 against the Reds this season. Cardinals 3, Giants 2: In St.

Louis, Ricky Horton won his ninth straight game, Terry Pendleton ho-mered against San Francisco and Jack Clark drove in his major league-high 86th run. The Cardinals, who have won 10

of their last 11 games, enter the All-Star break with a 56-30 record, best in the majors. Horton, in his third start this

season, gave up four hits in 6½ innings. He has seven saves, but moved into the Cardinals' starting rotation after Danny Cox broke a bone in his foot last week.

Horton gave up singles to the first two batters he faced, Mark Wasinger and Kevin Mitchell, then retired 18 of the next 20 batters. The left-hander left the game when his sitching arm was struck by Joel Youngblood's liner in the seventh.

single for Los Angeles. Welch won for the first time since June 2, striking out five. Jerry Mumphrey got two of the Cubs hits, a single and double.

The Dodgers managed only nine hits but were helped by eight walks, plus homers by John Shelby and Ken Landreaux. The Cubs didn't hit a homer for the first time in 14 games, the 13-game streak having tied a 1954 club record.

Pirates 4, Padres 2: In Pittsburgh, Bobby Bonilla became the second player to homer into Three Rivers Stadium's right field upper-

Bonilla was the first to homer into the right field upper seats since Willie Stargell did for the fourth and last time on May 31, 1973. There have been seven upper-deck homers since Three Rivers opened in 1970, the last by Greg Luzinski of Philadelphia on April 18, 1979. Only Stargell, Luzinski, Bonilla and former first baseman Rob Robertson of the Pirates have accomplished the feat.

Braves 9, Phillies 3: In Atlanta, with a homer and a double against Philadelphia. Roenicke's homer was his fourth in six games, but fifth this season.

Orioles 5, Twins 0: In the American League, in Baltimore, Dave Schmidt, starting on one day's rest, retired the first 17 Minnesota batters and pitched a two-hitter while Mike Young, who was in a 1-for-20 slump, hit two two-run homers.

Schmidt pitched to just one batter over the minimum, striking out seven. He had a perfect game for 5% innings, before Greg Gagne lofted a soft line single to left. Al Newman led off the seventh with a single to right for the Twins' other hit.

Schmidt had been knocked out

without a decision. Yankees 6, White Sox 2: In New York, Henry Cotto hit a 440-foot (134-meter) homer, doubled twice and drove in four runs, Don Mattingly homered for the fifth game in

a row and Tommy John held Chicago to six hits for seven innings. Cotto, an outfielder called up from the minors last week for the third time this season, tagged

Gary Ward's one-out single in the

second inning.
It was the 25th homer off Bannister this year. He has surrendered at least one in each of his last 10 starts, and in 16 of 18 starts this season. Blue Jays 3, Royals 2: In Toron-

to, Lloyd Moseby hit a two-run homer against Kansas City and Jesse Barfield singled in the winning run in the seventh inning. Jim

and Mickey Hatcher drove in four inning Friday. He also pitched Floyd Bannister for his fifth homer Clancy struck out a career-high 11 runs with a homer and a two-run against the Twins last Sunday, but in the majors this year, following batters as he checked the Royals on six hits for 7% innings.

The Blue Jays won three of the four games in the series. With two out in the seventh and

Kelly Gruber on first on a fielder's choice, catcher Larry Owen made a wild throw off a pitchout, allowing Gruber to race to third. Bartield who came into the same with just two hits in his last 23 at-bats, then singled to left.

### Kelly Crashes Out of Tour de France; deck seats, his two-run drive in the fifth helping beat San Diego. Riders Face Tough 2 Days in Pyrenees

By Samuel Abt

BORDEAUX - Sean Kelly, ranked the leading professional bi-

Kelly, who went down in a colli-

other medical inspection, he was obvious in the Tour de France that led away to a team car.

The 31-year-old Irishman, who cycle racer in the world for the last rides for the Spain-based Kas team, three years and an early favorite in had been having a poor tour. He the Tour de France, fractured his stood 41st in overall classification left shoulder in a mass crash Simble fore Sunday's stage, 10 minutes day morning and was forced to quit 36 seconds behind the leader, Martial Gayant of the Système U team

based in France. Gary Roenicke drove in three runs checked by a doctor and continued sure winner of the Vuelta, or Tour sion just after a bonus sprint, was Two months ago, Kelly seemed a to ride. But half an hour later, after of Spain, until a groin infection numerous talks with the doctor caused him to quit in pain with trailing him in a car, Kelly had to only three days left in the threeglide to a stop on the side of the week race. He spent more than two

road. Flinching in pain during an- weeks out of action and it became he had not recovered his consider-

Just Friday he finished more than five minutes behind in a time trial that many thought he would win. "It's only one day," he said "There are plenty more ahead." There weren't.

Davis Phinney, an American with the 7-Eleven team, won Sunday's stage, a 228-kilometer (141mile) jaunt from the low hills of Brive-la-Gaillarde through fields of sunflowers in the Dordogne to the flatlands and vineyards of Bordeaux.

In a sprint finish marred by a two-man crash. Phinney beat Jean. Paul Van Poppel, a Dutchman with the Dutch Super Confex team. Malcolm Elliot, a Briton with the ANC team from Britain was third. The pack finished strung out in the same time as Phinney - 5 hours, 46 minutes and 21 seconds.

Gayant kept the leader's yellow jersey, which he won Saturday with a nearly 11-minute victory over the leaders after a breakaway. Second, 22 seconds back, is Charly Mottet, a Frenchman with Système U, and third is Didi Thurau, a West German with the Roland Skala team from Belgium. Thurau is one minute 9 seconds behind Gayant, That order will almost surely

change on Monday, when the 189 riders left in the tour enter the mountains for the first time since 207 men set out in West Berlin on July 1. The 4,100-kilometer (2,550mile) race ends in Paris on July 26. The thought of the Pyrences, which precede the Alps by a week,

excites the climbers. Some, like Pedro Delgado, 2 Spaniard with the Dutch PDM team, and Robert Millar, a Scot with the Dutch Panasonic team, did unexpectedly well in the time trial in which Kelly faltered. They expect to gain many minutes in the

Others, like Luis Herrera, a Co-Iombian with the Cafe de Colombia team, and Andy Hampsten, an American with the 7-Eleven team. did badly in the time trial and must show that their tour is not like Kellv's already over.

Only the climbers will receive assistance from Jean Bobet, who, in the name of the Tour de France,

Called the Col de Soudet, it is 1,570 meters (5,181 feet) high in the Pyrenees. The Soudet is rated beyoud category in difficulty, even more arduous than Bobet's earlier discovery, the 1,135-meter-high Col de Burdincurutcheta.

In an enthusiastic letter last fall race, Bobet described the Soudet as touristically seductive and strategically superb."

Early Monday, the riders will go by train to Bayonne, near Spain in the southwest corner of France, for the start of a 219-kilometer stage.

Riding to Pau, the pack will transit first the Burdincurutcheta, which is rated in the first category of difficulty, then the second-category Bagargui, the Soudet with its stretch of nine-degree grade and finally the first-category Marie Blanche

That's for openers in a two-day visit to the Pyrenees. On Tuesday the riders go 166 kilometers from Pau to Luz Ardiden, passing again over the Marie Blanche, then the Aubisque, which is rated beyond category, the second-category Bordères and finally the awesome ninekilometer climb to Luz Ardiden, 1,710 meters high with a grade averaging 8 percent. It too is rated beyond category.

Some of the passes, like the Aubisque, have been part of the Tour de France since 1910. Others have just been turned up by volunteer

Now 57 years old, he is a retired racer who was good enough to win the Paris-Nice race in 1955. He is best known, however, as the younger brother of Louison Bobet, who won the Tour de France from 1953 through 1955 and who remains one of France's sports heroes even after his death in 1983.

Jean Bobet likes to spend his spare time prowling the Pyrenees, looking for abandoned paths that might once have been used to lead sheep or cattle to high ground in the summer.

The Souder, tour officials say, was so primitive when he discovered it last year that the regional government had to rebuild the road entirely before the tour could add it to the itinerary. Even so, parts are said to remain unpaved. Adding mystery to the climb was

the report in a French newspaper Sunday morning that a leading terrorist in the Basque independence movement in Spain had been arrested. In his car, the paper quoted the police as having said, were marked maps of the Tour de France route on Tuesday, France's national day,

### Home Run by Owen Beats Key; Saberhagen Racks Up No. 15 and Steve Trout pitched a six-hit

Compiled by Our Staff From Dispatches TORONTO — Bret Saberhagen of the Kansas City Royals won his 15th game this season, a 2-1 triumph over the Toronto Blue Jays, with unexpected help Saturday. Larry Öwen, a catcher hitting

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just .189 when he came to bat in the eighth inning with two out and Bo

SATURDAY BASEBALL

Jackson on first with a single -- the second hit off Toronto starter Jimmy Key - drove an 0-2 pitch just over the left-field fence for the game's first runs. When Manager Billy Gardner

"let me go up and hit," Owen said, "it made me feel great. Not that I was going up there to hit a home run, but it was such an ego lift for

Gardner said he "didn't want to make any changes at that point because I didn't know how long the come to so."

Saberhagen was working on a one-hitter until the eighth, while Key had retired 15 in a row before Jackson beat out a dribbler between the mound and third with one out. Key lost for the third time this

season after patching a complete game, allowing four hits or less and giving up two or fewer carned runs. Kansas City ended a five-game losing streak, and stopped Toron-

to's winning streak at five. Saberhagen struck out 10 and walked one, retiring the first 11 hatters he faced and getting 10 in a row after Rance Mullimks lined a single up the middle with two out in the fifth. The Blue Jays scored their run in the ninth, when Garth lorg led off with a double and, two outs, later Jesse Barfield singled up the

Athletics 6, Brewers 5: In Oak land, California, Mark McGwire hit his 32d and 33d homers and drove in four runs against Milwaukee. White Sox 5, Yankees 2: In New

York, Donnie Hill singled in the go-shead run in the 15th and Carlton Fisk followed with a two-run homer for Chicago.
Twins 2, Orioles 1: In Baltimore, Gary Gaetti and Randy Bush homered as Frank Viols, with an eight-

hitter for Minnesons, outpitched Mike Griffin, Griffin, purchased June 25 from Rochester of the International League, allowed five hits in his first big-league complete game. Billy Ripken, the 22-year-old son of the Oriole manager, Cai Ripken Sr., and brother of the team's shortstop, Cal Ripken Jr., played second base in his major-league debut. It

base in his major-league debut it was the first brother combination surfolf: Stewart, Lemp (7). Eckarsiev (7) was the first brother combination at second and short since Eddie 8-1.5v—Eckarsiev (6). HRs—Mil. Sveum (8). at second and short since Educated Standard Stan at second and short since Eddie

ton, Texas, Charlie Hough struck by (4).

Out a career-high 11 and held cartevile are see and see 4 1 2 6 Certail and to five hits over 6% inperty, King (2), Lucas (7) and Nokes; in ings. Hough became the first Locarto, Finley (2), Lucas (7) and Wynesour, Boone (3), W-King, 47, Lucas (7) and Wynesour, Boone (3), W-King, 47, Lucas (7) and Wynesour, Boone (3), W-King, 47, Lucas (7), L kins did it five times in the 1970s. Hough, with 94, also passed Jenkins for most victories as a Ranger.

homered for Bosson and Geodes, Graco 177 and Large Clemens pitched a seven-hitter, striking out nine.

Striking out nine.

Anaheum.

N.Y. McRawnolds 2 (14). Johnson (17). Hou. Tigers 12, Angels 5: In Anaheim,

California, Mike Heath and Alan
Transmall each doubled in true was Trammell each doubled in two runs

bouched rundown play. League, in Houston, Howard Johnson hit two home runs, walked anoun

scored three times for New York. But Met starter Terry Leach, staked to a 6-1 lead and bidding to improve his record to 9-0, failed to

Dodgers 5, Cubs 4; Cubs 7, timez had doubled in the tying run in dgers 9: In Chicago, Ryne Sand-the minth before play was halted by Dodgeza 5, Cabs 4; Cabs berg, Rafael Palmeiro and Jody darkness with two outs and Marti-Davis hit bases-empty home runs nez on third.

ast through the fourth inning.

TORONTO - Bo Jackson, the rookie outfielder of the Kansas City

Royals, would like to play for the Los Angeles Raiders in the National Football League as a hobby like hunting or fishing," he said Saturday. Jackson's lawyer reportedly was in Los Angeles talking with offi-

cials of the Raiders, who drafted him in the seventh round last April.

ulum and that's all that it would be," Jackson said. "My No. 1 priority

is the Kansas City Royals...."

"That's kind of a tough hobby to me," said Manager Billy Gardner of Jackson's comment. "He's a great football player. I think he

Tampa Bay made Jackson, a Heisman Trophy-winning running back

at Anburn, its first choice in the 1986 NFL draft but lost its rights to him

when Kansas City signed him to a baseball contract. Jackson had said several times this season that football was behind him.

But he "has expressed his desire to us to consider playing football

this fall and the Royals think it is very important to do whatever is in

Bo's best interests," said Avron Fogelman, the team's co-owner. "If a man has talents, you have to give him an opportunity to determine how good he is. We wish Bo a lot of success," he said, adding that

"I'm thinking about adding another hobby to my off-season curric-

shutout against Los Angeles. Earlier, Mariano Duncan tripled in Steve Sax from second base in the helping end a nine-game Cardinal 10th as the Dodgers won a game begun Friday. The Cubs' Dave Mar-

Royals' Jackson Eyes Off-Season 'Hobby': The NFL

Glasts 3. Cardinals 1: In St. Grant had been acquired the previruns with a homer and a single, trade with San Francisco. winning streak. Padres 3, Pirates 1: In Pitts-

burgh, Stan Jefferson, Tony Gwynn and John Kruk each drove his first victory for San Diego. four runs for Montreal. (UPI, AP)

football restriction.

entering Saturday's game.

Kansas City would re-write Jackson's contract to remove a no-

Fogelman said that Jackson could not practice football on off-days,

Jackson has struck out 112 times in 277 at-bats this season but leads

the team with 18 home runs and runs batted in. He was hitting .253

"I think it's horsemeat," said Willie Wilson in stronger lang

than that. "I'm mad and the team's mad. The front office has no respect for the team — we're giving 100 percent and we've been

playing for years, and now they let a guy come in here and tell them

what to do. I got 900 restrictions in my contract on things I can't do because they're hazardous to my health. You think [New York Giant

linebacker] Lawrence Taylor is going to think it's a hobby?"
"Maybe I can go Brahma bull riding now," said George Brett, "or

take up sword fighting."

Utilityman Jaime Quirk has a different perspective. "I can't handle baseball," he said. "How am I going to play football?"

(UPI, AP)

able to Los Angeles until the last week of October.

Some of his teammates were critical.

ng that he would join the Raiders with no training camp and

ing on the Royals' post-season fortunes) might not be avail-

Louis, Bob Brenly drove in two ous weekend in a seven-player Braves 5, Phillies 4: In Atlanta, Dale Murphy singled in two runs in

a four-run fifth to beat Philadelphia. Expos 11, Reds 5: In Cincinnati, Tim Wallach hit an inside-the-park in a run to help Mark Grant post homer and two doubles, driving in



Sean Kelly, an early favorite in the Tour de France. was helped back into the race after a collision Sunday. But, with to the organizers of the bicycle a broken left shoulder, he was out for good half an hour later.

### **SCOREBOARD**

wanted to try it and see if he can do it."

### Baseball

Major League Line Scores FRIDAY'S RESULTS AMERICAN LEAGUE

Misnesota 41e 832 863—12 16 8
Boffinare 491 894 891—13 11 2
Blyleven, Schotzeder (6), Frezier (6), Berenguer (9) and Buttera, Loucher (9); Schmidt,
Arnold (1), Corbett (5), Niedenfoor (6), Williamson, 3-4,
L.—Frazier, 5-4, HRS—Mins, Brononsky (16).
Bol., Lyzn 2 (14), Murray (19).
Cleveland 900 191 630—4 7 9
Texas 200 484 800—16 8 8
Nielro, Hvismonn (6), Stewart (8) and
Bondo; Harris, Creet (8), Williams (9) and
Stantey, Stought, W.—Harris, 3-4, L.—Nielro, 6-9, HR—Cle, Corber (20).

75, HR.—Cle., Corter (201. Althousias 000 000 003—3 6 1 Options 000 130 53:2—7 10 1 on, Airirich (6), Mirubella (8) and

kins did it five times in the 1970s.
Hough, with 94, also passed Jendins for most victories as a Ranger.

Red Sox 10, Mariners 4: In Scattle Browning. 99 and Dioz. W—Smith 61. L—

Red Sox 10, Mariners 4: In Scattle Browning. 57. HR—Cin., Davis 1971. Red Sox 10, Mariners 4: In Scattle, Wade Boggs and Ellis Burks
homered for Boston and Roger

(6) Londom (9) and Diaz. W—Smith. 6-1. L—
Browning. 5-7, HR—Cin., Davis. (27).

Texast

Constant Con

i rammeti each ootheen i wu i um
in the second inning, when Detroit
in the second inning, when Detroit
scored five unearned runs after a
Dov's. W—Sutcliffe, Sonderson (4) and
Dov's. W—Sutcliffe, 12-4. L—Honeycutt, 2-9.
Cincinneti Ouris W-Suderms 12 - Asheby (9).

Southed rundown play.

Mets 9, Astros 6: In the National Fills (3), Moretone (13).

Mets 9, Astros 6: In the National Fills (3), Moretone (13).

Patinate botton (13).

Pati

Rawley, Bedrosion (8) and Doulton; Alexander, Garber (8) and Benedick Wi-Rowley, 16-5. L.—Alexander, 4-5. Sv.—Bedrosion (24). HRs.—Phil., Samuel (16), Thompson (3). Atl. Roenicks (4).

Pittsburgh 200 610 200 61—6 11 6
Jones, Davis (7), AncCollers (7), Geoscie (9)
ond Santiagon: Kipper, Drobek (6), Jones (8),
Smiley (8), Robinson (9) and Larvolliera, W—
Robinson, 6-5. L.—Geoscie, 1-2. HRs—S.D.,
Sontings (7), Kruk (10), Mack (2). Pitt. Ven
Siytie (13).
Son Francisco 600 200 200 201 9—5 11 8
St. Louis 100 201 200 201 301 9—5 11 8
St. Louis 100 201 (7), Robinson (9), LoCoss
(12), Lefferts (12) and Melvin, Spillman (12);
Mothaws, Dayley (7), Dawley (9), Petry (12),
Tunnell (13) and Poton, Loice (13). W—Tunnell,
4-2. L.—Lefferts, 2-3. HRs—S.F., Milchell (10),
Speigr (8), St. L. Cirrk (26).
SATURDAY'S RESULTS
AMERICAN LEAGUE
Komsan City 100 400 600 600 601 — 3 7
Torests 100 600 600 601 — 3 7

Wegmen. Plastic (7) and Schroeder: Andulor, Ectersley (8) and Steinbach. W—Ectersley, 6-4. L—Plastic, 4-2. H/B—Mill. Deer (20). m (9), Yount (11), Oak, McGwire 2 (33),

W L PCL GS
54 34 .514 —
50 34 .510 3
46 36 .571 4
41 43 .480 11
41 44 .471 12½
34 .53 .391 19½
31 .55 .340 22 49 45 .514 4½ 44 42 .596 4½ 40 45 .477 7½ 34 50 .485 13 NATIONAL LEAGUE East Distance

DeLeon, Winn (7), Clark (8), James (9), Long (9) and Karkovice, Flat (7); Guider, Stoddord (7), Righteffl (18), Clements (13) and Cerone. W—Lone, 5-4. L—Clements, 2-1. HRs—Chi., Hill (3), Royster (5), Flat (12).

NLY. Mattingly (13).

terrett, Henneman (5) and Heath; Reuse, W. Henneman, 40, L.—Reuse, 3-1, HR.—Col., Downling (18).

Bostes 214 912 eac.

Downling (18).

Boshed 214 912 986—10 18 9
Seattle 802 989 939—4 7 9
Clemens and Shearlier # Morgan, Clarice (3),
Williamson (5), Nunez (9) and S.Bradlev, W—
Clemens, 8-4. L—Morgan, 7-19. HRs—Bos.,
Burks (13), Boges (17). Sea., Davis (10).

MATIONAL LEAGUE
(Completion of Sespended Germe)
Los Angeles 116 907 818 1—5 12 9
Calcose 816 898 821 9—4 14 1
Harshiger, Howell (9), Young (9) and Schoolcher, Meddaus, DiPine (9), Lismith (16) and
Sundburg. W—Young, 4-6. L—Lismith 2-6.

HRs—La, Guerrero (19), Chi, Mumphrey (7).
Los Angeles 990 680—8 6 2

Leary, Hovens (3), Honeycutt (5), Pana (6) and Travino; Travit and Joavis, W-Travit & 1. L—Leary, 1-5. HRs—Chil, Sandberg (12), Palmeira (3), J.Davis (11).

150 ere eri --> 9 7 171 200 ere -- 6 18 2 Houston 111 200 610—6 18 2 Leach, Sisk (4), Myers (4), McDawell (9) and Lyans; Darwin, Meads (7), Andersen (7) and Ashay, W—Myers, 24. L.—Darwin, 54. Sv—McDowell (11). HRS—NLY. Johnson 2 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100

Pittsborgh 819 900 900—1 9 1 Grant, Davis (8) and Santiago: Fisher, Jones (8), Gideon (9) and LaVaillere. W— Grant, 2-3, L.—Fisher, 4-4, Sv—ALDovis (1). HR—S.D. Jefferson (2). 990 921 919—4 11 1 870 940 980—5 8 9 Carman, Jockson (3), Ritchie (7), Tekulve (3) and Parrish; Mahler, Acker (6) and Virgit W-Mahler, 6-7, L.—Carman, 4-7, Su—Acker (7), HRs—Phil, Hoyes (13), Schmidt (19), Att. 000 204 403—11 17 8 000 022 000— 5 11 0

Martinez, Burks (6) and Read: Power, Mur-

### **Auto Racing**

BRITISH GRAND PRIX

918 seconds behind 2. Ayrton Seans, Brozil, Latus Hondo; 1 ksp

Ford; 3 lops & Jonathan Palmer, Britain, Tyrrell Ford

Cosworth; 5 laps 9. Pascal Fabre, France, AGS Ford Cosvorth; 6 loos DRIVER STANDINGS

2. Netson Plauef, Brozzi, and Nig Britoin, 20 4. Aloin Prast, France, 26 5. Stefar Johanson, Sweden, 1 6. Gentrad Benger, Austria, 9 7. Michele Albareta, Italy, 8 8. Schoru Noicelima, Jopen, 6 9. Antima de Charles Italy 9. Andrea de Cesaris, Italy, and heever, U.S., 4 11. Too Fabl, Italy, 3

### Transition

American League
BALTIMORE—Released Rick Burieson. League.
NEW YORK—Optioned Bob Tewksbury.

pitcher, to Columbus of the International League, Recalled Pete Filson, pitcher, from

HOUSTON—Recalled Charile Kerield Radger Dovis, \$18,016 pitcher, from Tucson of the Pocific Coast League. Sent Ran Mathis, pitcher, outright to pitcher, from Tucson of the Pocific Coast
League, Serri Ron Mathis, pitcher, outright to
Tucson.

\$7, LOUIS—Placed Donny Cox, pitcher, on
Fred Couples, \$8,000

Tucson.

St. LOUIS—Placed Danny Cox, sitcher, on Fred Couples, \$2,000 to 21-day disabled list. Recalled Lance Johnson, sufficient, from Louisville of the American Association.

FOOTBALL, National Postball League
HOUSTON Signed John Oriensicy, line-backer, and Alice Akit, wide reciever.

MIAMI—Reached contract agreements Ronan Retiterty, \$4,216 sam Torrance, \$4,210 with Lance Sellers and Tim Pideoon, line-backers, and Bobby Taylor, cornerback.

NEW ENGLAND—Signed Rich Compatible.

Mark McNutty, \$4,216 Mc

### Tennis

Men's Tournaments

(Al Gstact, Switzerland)
Overterfinals Eduardo Bengoechea, Argentina, berto Tous, Spain. 7-5, 3-6, 6-4. Emilio Sanchez (3), Spain, def. Mika fors, (5), Sweden, 6-3, 6-1. Forget, France 7-6 (7-5) 6-3. Ranald Agenor, Haiti, def.

Final

Senchez def. Agenor, 6-2, 6-3, 7-6 (7-5). Andres Gomez (2), Ecuador, det. Jim. Andres Gomez (2), Ecuador, det. Jim. Arios (7), U.S. 2-6, 7-5, 7-6. Kent Cartston (3), Sweden, def. Jookim N. from (5), Sweden, 6-1, 7-5. Mots Wilander (1), Sweden def. Tam. (A) Breakline, Massachusetts)

nder (1), Swed ands, 6-2, 7-5. stein (6), U.S., 1-6, 6-4, 6-1. Carisson def. Gamez, 7-5, 4-6, 7-5.

### Women's Tournament

(At Bostod, Sweden) Catarina Lindquist (1), Sweden, Weisher (4), Austria, 6-4, 6-3. Sandro Cecchini (3), Italy, def. Kon Maleeva (2), Bulgaria, 4-6, 6-3, 6-4.

Final

Golf

ATLANTA—Activated Ken Oberictell, third besenan, from the 19-day disobled list. Optioned Jeff Blouser, infliction; to Greenville of the Southern League.

CHICAGO—Traded Gary Matthews, outfliction; to Seathle for a minor-league player to be named inter, Activated Ryres Sandberg, second basemon, from the 21-day disobled list.

Peter Sandor. \$32.200

Antics: Forstrand, \$18.016

48-67-69-272 48-68-67-69-272 74-62-71-64-273 73-67-67-64-277 70-72-68-67—277 71-67-69-71—278 66-72-70-70—278 72-69-67-70—278

71-68-67-71--279

Football CFL Standings

Cycling

ELEVENTH STAGE

Lougeline Cubine, Spein, :38 behind.

(Politiers to Chaumeli-les-Monedia (254.2 Kilometers/158 Miles)

2. Loudeline Cubine, Spoin, :38 behin 3. Kim Andersen, Denmark, 7:38. 4. Gillès Mez, Fronce, 1:44. 5. Messimo Ghirotto, Italy, 3:27. 4. Peter Hilse, West Germany, same Nr. 7. Marc Serseant. Belsium, 3:30. 8. Heinz Imboden, Switzerland, 3:34. 9. Jan Nevens, Belgium, 3:52. 10. Steteno Allocale, Italy, 4:30. TWELFTH STAGE (Brive-le-Golliarde to Bordeaux, 228 K.

(Brive-le-Gollierde in Bordeaux, 1. Davis Philmey, U.S. 5:46:21 2. Jean Poul Van Popsel, Netherl 2. Maicelm Elliott, Britain, s.J. 4. Jean Philispe Vandembrande,

5. Tourn Van Vilet, Notherlands, s.t. 6. Marc Sergeant, Belgium, s.t.

7, Christophe Lavainne, France, s.L. 1, Frank Hoste, Belgium, s.t.

OVERALL LEADERS

(Brive-lo-Gol

Tour de France

Winnipeg 38, Calgary 22

Soccer

AMERICA'S CUP

## Adventure Honeymoons

By Sid Kane
New York Times Service
AST year, in the clear skies above California's Napa Valley. 75 couples exchanged vows aboard hot-air balloons, beginning their honeymoons with a flight over lush vineyards and rolling hills. Two of our pilots are ministers, and we can also provide a witness if needed," said Kenneth Custis, di-

Most couples, of course, still prefer walking down the sisle to soaring through the air, and that has been the case for years. But as the wedding season reaches its peak. the people who book and arrange honeymoons are noticing a shift in the sorts of wedding trips that newlyweds are planning.

According to travel agents and

tour operators, many of the 700,000-pins couples who plan to tie the knot this summer are booking art tours of Europe, archaeolocursions in Mexico and Central America, bicycle tours in France, scuba-diving vacations in the Caribbean, and safaris in Afri-

"Adventure honeymoons have become quite popular this year," said Douglas Hotchkiss, marketing director of Overseas Adventure Travel, in Cambridge, Massachusetts, which arranges safaris and treks in many parts of the world. Steen Hansen, publisher of the Specialty Travel Index, San Anselmo, California, a tour listing guide, added: "Young people in particular are looking for honeymoons that are more active and more challenging, both intellec-

tually and physically."

One reason for the shift is that many newlyweds have already traveled together — in fact, to the romantic hideaways that tradition- reb estimated. ally drew honeymooners. "For many couples, the honeymoon is no longer the first time that they're away together, so they're open to weds. The balloon can accommo more varied and interesting trips," said Dr. Ruth Westheimer, the talk show host and sex therapist.

To finance these adventures, Americans are digging deeper into their pockets. A study recently released by Modern Bride magazine said that readers spent \$2.4 billion on honeymoons last year, double the amount of a decade ago. The magazine estimated that about half and plenty of scuba diving.

50 % DISCOUNT PRICES for several places this summer in 7-day residential intensive French course of Chateau de la Volcuze in the Dardogne with French prohipports. Tel: CLEL, Mr. II. Lefevra 53 91 44 28.

of last year's 2.4 million brides were readers of the publication.

"The demographics of honey-mooning couples have changed; they're older now, more sophisticated and earning higher incomes," said Risa Weinreb, travel editor of Modern Bride and editor of Frommer's upcoming guide to honeymoons. According to Modern Bride, most of its readers will be in rector of ground operations for two-income households, with averapa-based Balloon Aviation Inc. compared to \$17,600 ten years ago.
"Many can afford to take more interesting or exotic trips," she

> 1 O be sure, not everyone's idea of the perfect honeymoon is a 14day overland journey through Kenya. Here's a look at where newlyweds are heading this summer.

As recently as three years ago, it was unusual to find a honeymooning couple on a rugged safari in Kenya or on a trek through the Himalaya. Not so any more, said Judi Wineland, president and founder of Overseas Adventure Travel, which arranges exotic tours and expeditions.

"We'll see as many as 30 honeymoon couples on our trips this year, a good deal more than we saw last year," she said.

Similarly, Micato Safaris of New York, a tour company, has booked 38 honeymoon safaris since last November. "The demand has been incredible," said Maureen Gallace, a company spokesman.

Several adventure-travel compa nies are making a big marketing push for honeymooners. And for good reason. Adventure honeymoons generated as much as \$200 million in revenues last year, Wein-

According to Custis of Balloon Aviation, 25 percent of its 300 bal-loon flights last year carried newlydate a couple and as many as five guests, at a rate of \$145 a person, which covers the wedding ceremony and flight followed by a champagne

toast on the ground. In New York, Aqua Adventures inc. began marketing what it calls "scuba honeymoons" a... summer. The trip, costing \$889 per person, includes airfare from Miami, a oneweek stay in the Cayman Islands,

# The Life of a Hashemite Princess

By Philip Mansel

AMMAN, Jordan — To Princess Fahrel-nissa Zeid, niece of a grand vizier of the Ottoman Empire, daughter-in-law of the leader of the Arab Revolt, aunt of King Hussein of Jordan and of the last king of Iraq, much of the history of the Middle East

is family history.
Outside, her villa could be any of the plain stone villas of Amman. Inside, startling modern pictures cover the ceiling as well as every inch of the walls. The princess, now over 80

but still strong and lively, is welcoming: "Do have some champagne! Do you like caviar?"

As she talks, decades and frontiers slip away. Only the buzzing of her unforgettable "Paleochrystalos," piles of bones and stones set in glass and resin and powered by small electric motors, remind her guests that we are not in Constantinople in the last days of the Ottoman Empire, or Baghdad under the Hashemites.

The princess has vivid memories of her youth in a powerful, cultured family of the late Ottoman aristocracy. Her father, Shakir Pasha, was a general who collected orchids and hired a gardener from Paris to look after them. Her uncle, the grand vizier, was author of an excellent history of the Janissaries. At her mother's receptions one side of the stair-case was lined by slaves in blue, the other by slaves in pink. The holders for coffee cups, known as zarfs, were made of gold, studded with jewels: "C'était ça, l'empire ottoman!" exclaims the princess as her orderly pours more cham-

She met her second husband, Prince Zeid bin Hussein, at a party on the Bosporus. A member of the Hashemite dynasty, which claims to be "the oldest ruling family in the world," he was the son of Sharif Hussein of Mecca, who had launched the Arab Revolt. The king of Iraq and the emir of Transjordan were his brothers, and Lawrence of Arabia was a friend of the family. Prince Zeid played a crucial part in the Arab Revolt, which contributed to the defeat of the Ottoman forces in 1918. He was particularly close to his brother King Faisal of Iraq, and during the 1930s he was Iraqi ambassador in Berlin.

The Third Reich and its leader appear quite different when viewed from the per-spective of the inhabitants of the Middle East. For many of them, Britain, not Germany, was the enemy. Arab nationalists found Bertin a haven of hospitality and understand-ing in World War II. Princess Fahrelnissa Zeid remembers that Hitler showed his respect for her royal rank by bowing and kiss-

After Berlin in the 1930s, her husband was Iraqi ambassador to London in the 1950s. Princess Fahrelnissa Zeid began to concentrate on her painting. She gave exhibitions in Paris, London and Istanbul. For a time the



Princess Fahrelnissa Zeid.

bloodthirsty Iraqi revolution of 1958 extinguished her creative drive. So many cousins had been killed, including the young King Faisal II, whom she adored. She had warned him not to stay in the shadow of his detested anglophile uncle, the regent Abdul Illah. She remembers taking the king out from Harrow and telling him at the Queen's Head

Harrow and telling him at the Queen's Head Hotel: "Faisal, you must not live in your uncle's house. Many young people are waiting for you. You must be with them, you must speak with them, help them." The doomed young king replied: "I understand you, but first I have to have the palace finished"—the palace he was planning to occupy after he was married. When the palace was finished, however, after the revolution of 1958, it was used not by a Hashemite but by the president of the republic. Now the president of Iraq has more palaces than the Hashemites ever had. Educated at the Istanbul Academy of Art,

Princess Fahrelnissa Zeid had always wanted to paint. All her family has tried, she says, to achieve a personal synthesis of East and West. Details in her pictures are reminders that her maternal grandfather was a famous Turkish calligrapher. Her art reflects the color and vigor of her personality, and has been described by a French critic as "an amazing juxtaposition which blows to smithereens the sesthetic categories drawn to separate countries, races and cultures." Now she is at the center of a small artistic circle in Atman. and tries to encourage other people to achieve their own synthesis of East and West in their paintings. The recently founded Royal Na-tional Jordanian Fine Arts Institute Fahrel-

Philip Mansel's most recent book is "The Eagle in Splendour: Napoleon I and His

nissa Zeid will continue her mission.

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### **LANGUAGE**

# India's Homely English

wife? The classified advertising section of The Hindustan Times in Name 1 and Times in New Delhi offers a match

many of you Americans," says an

got it right.
"Indian English could perhaps best be defined as a language writ-ten or spoken by Indians in the belief that it is English," H.Y. Shar-ada Prasad, Prime Minister. Rajiv change found among ethnic Tamils Gandhi's press spokesman, wrote recently. "The spelling is English. The tone and spirit may not be."

In fact, Indian English has many sense, after all, for a good homemaker to be considered "homely"
than somebody with a "longly" than somebody with a plain face. And if you can postpone a meeting. On the other hand, there is a lot why shouldn't you be able to prepone it?

once embraced by the British Emsy or indirection.

The last in time it has evolved in People who die meet with an
People who die meet with an spoken by a majority of the population. Instead, most people speak
regional languages, with the educated classes using English as a link
— and a ticket to advancement.

The spoken by a majority of the popula"commissions," then gets into debates about their "modalities,"
only to discover "lacunae" in their
terms of reference.

One of my favorites is the word

For a foreigner, English usage in India can serve as a kind of road and politics since many peculiarities derive from the grammar and modes of thought in south Asia.

about politically or ethnically inspired killings, only to be assured lem, but I have never heard of this that the violence was carried out by good word being used in the Mid-bad characters" and other "anti-die East, say, or any other part of social elements." But these are not the cliches they seem. Rather, they express the preference of the police

of a cause as common criminals. New York Times Service

New York Times Service

People whose demands can be ignored. Every one of the myriad actions for a mored. Every one of the myriad actions are actions. summed up in the language itself.

Another example of succinciness with "a beautiful homely girl" from a good femily. Set a size to meet but if you're especially eager, you and werb together to create a new noun-verb. In a crisis, politicians Although they have been speaking English on the Indian subcontineart for 300 years — "longer than have character with the said of the many of year Associated" as do have their own verb forms, as do street protesters. For some reason, who think the Indians haven't quite processions are never held, but always "taken out"; and slogans are always "raised," not shouted, be-fore the protesters are lathi-charged

change found among ethnic Tamils in south India:

"How are you, I hope?"
"Oh, yes."
But incisiveness also has its hazvirtnes, among them a certain logic ands. I have learned to be wary

of aggrandizing and long-winded ness involved, too. The Latinatian English Is spoken by perhaps 2 expressions of Indian English, for or 3 percent of the billion or so example, seem to reflect a general expressions of Indian English, for people who live in the vast territory love of rococo euphemism, courte-

south Asia into a distinctive lan-guage with its own logic, idiosyn-crasies and culture. The official as they have been "felicitated" on language of India is Findi and in language of India is Hindi, and in happier occasions. The Indian gov-Pakistan it is Undu, but neither is ernment establishes countless

"fissiparous," as in "fissiparous tendencies," a common expression map to certain subtleties of culture in India, Sri Lanka and Pakistan. The word comes not from Sanskrit or Persian, the roots of northern Indian languages, but from Latin Often, I have found myself inter-viewing a law enforcement official given us fissure and nuclear fission. "Fissiparousness" is a global prob-lem, but I have never heard of this the world.

express the preference of the police

— and much of the public — to

New York Times's New Delhi bit. reau. William Safire is on vacation.

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